

## NEWS SUMMARY

### GENERAL

**Malaysia threat to ship out refugees**

Malaysia intends to ship out to sea the 20,000 Vietnamese refugees camped along its coast and will shoot on sight any more trying to land said deputy Premier Datin Mahatir.

He said the deportations would start immediately and would proceed as fast as boats could be built to carry the refugees. The "shoot on sight" legislation would be enacted as soon as possible.

"If they try sinking their boats they will not be rescued, they will drown," he said. Page 2

### Brezhnev and Carter meet

President Carter and President Brezhnev met for the first time yesterday at the start of their four-day summit in Vienna.

Brezhnev is expected to make another attempt to break the deadlock in the European troop reduction talks during his meetings with the U.S. President. Page 2

### Thorpe case not made out—QC

The Crown case in the Jeremy Thorpe trial was not made out, said Thorpe's counsel, George Carman, QC. "Let this prosecution fold its tent and quietly creep away."

Mr Justice Cantley will start his summing up at the Old Bailey on Monday, and the verdict of the nine men and three women jurors is expected mid-week. Thorpe and three other men plead not guilty to conspiring to murder former male model Norman Scott.

### Goldsmith wins libel fight

Millionaire financier Sir James Goldsmith did not libel or slander World in Action television reporter Michael Gillard when he referred to him as a blackmailer, a High Court jury held.

Sir James' defence was that the allegation of blackmail was true. Mr Gillard was ordered to pay the estimated £12,000 cost of the five-day action.

### Tube strike off

Threat of London Underground strike on Monday was lifted when the executive of the National Union of Railmen agreed to refer a pay dispute to arbitration. Page 4

### Taxi fares up

London taxi fares are to rise by an average of 29 per cent from July 22, the first increase since December, 1977. Page 3

### Slater appeal

The High Court turned down an application by Jim Slater, former chairman of Slater Walker Securities, to appeal to the House of Lords against a previous ruling that he was guilty of offences under the Companies Act involving false financial statements. Page 3

### Rail service hit

British Rail took a fleet of 58 electric locomotives out of service for safety checks after a wheel fault was found in six of them. Services between London Euston and Birmingham were halted. The checks are expected to be finished this morning.

### Briefly...

Lord Boothby, aged 79, was said to be "stable" in hospital after a fall. He is thought to have broken a leg.

Two raiders with hand guns grabbed travellers' cheques worth £50,000 in an attack on a security guard delivering to Thomas Cook's in Gracechurch Street, London.

Three men drowned when their fishing boat capsized off the east coast of Scotland. Page 22

### CHIEF PRICE CHANGES YESTERDAY

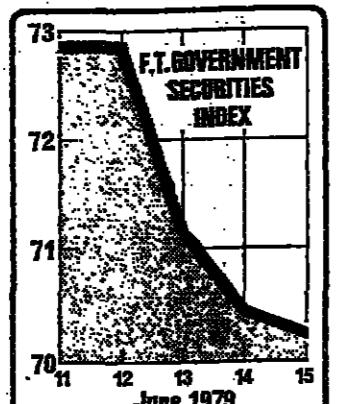
(Prices in pence unless otherwise indicated)	
RISES	
Treas. 14pc 1982 £1022 + 1	Oil Exploration ... 272 + 18
Barclays Bank ... 250 + 5	Ultramar ... 286 + 8
Debenhams ... 257 + 4	Klof Gold ... 715 + 21
GEC ... 289 + 6	Vaal Reefs ... 2174 + 1
Elsons ... 254 + 5	FALLS
Great Portland Stn ... 258 + 12	Treas. 15½pc 1988 £1181 - 14
GUS A ... 368 + 10	Burnett and Hall ... 375 - 13
Hughes ... 151 + 10	Combined English Stores ... 123 - 5
Leisure Trust ... 167 + 12	Hall (Matthew) ... 245 - 10
Midibrook ... 232 + 5	Kitchen (R.) ... 164 - 11
Mountain ... 222 + 9	Pressac ... 278 - 12
National Trust ... 142 + 9	Peko-Wesland ... 245 - 10
Play & Style ... 150 + 6	Sungate Best ... 245 - 10

### BUSINESS

**Equities rise 4.3%; Pound up 1.07c**

EQUITIES reversed their downward trend, and end-of-account book-balancing benefited trading shares. The FT ordinary index closed 4.3% at 478.5, marking a fall of 24.7 on the week.

• **GILTS closed mixed with the**



Government Securities Index down at 70.24 on June 20.

• **STERLING closed 1.07 cents up at \$2.1065 against a weakened dollar.** The pound's trade-weighted index was unchanged at 68.3 but the dollar's fell from 86.3 to 86.4.

• **GOLD rose \$1.10 to \$280.4 in London and in New York the Comex June settlement price was \$279.80 (\$277.70).**

• **TOKYO shares closed sharply higher with the Nikkei Dow average 43.40 up at 6142.94.**

• **WALL STREET closed 0.55 up at \$43.30.**

• **U.S. FEDERAL Reserve Board member Mr. Henry Wallace has said that the Euro-market poses a mounting threat to the monetary policies of the major industrialised countries, and has urged tighter controls.**

• **CROWN AGENTS dealings in secondary banking and property will cost the British taxpayer about £140m, according to the senior crown agent, Mr. Sidney Eburne. Page 4.**

• **EXXON chairman has warned that the group would be unable to supply 14 per cent of its customers' needs this year, unless the OPEC countries could be persuaded to increase production.** Page 2

• **SINCLAIR RADIONICS, the pocket television company controlled by the NER, is to seek a large capital injection to produce a flat screen TV set.** Back Page.

## Retail price index up 10.3% before Budget increases

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The underlying rate of retail price inflation has been rising steadily in recent months, well before the post-election round of price increases, let alone the impact of the Budget, have had time to work through.

Department of Employment figures published yesterday show that the retail prices index rose by 10.3 per cent to 215.9 (January 1974=100) in the year to mid-May, compared with an increase of 10.4 per cent in the 12 months to mid-April. This is the seventh month running in which the 12-month rate has risen.

Treasury Ministers believe that the 12-month rate should remain below 20 per cent. The Treasury has projected a slowing in the 12-month rate to 18.4 per cent by late summer 1980.

Any acceleration in pay awards would anyway not begin to affect prices until next spring.

In a BBC radio interview yes-

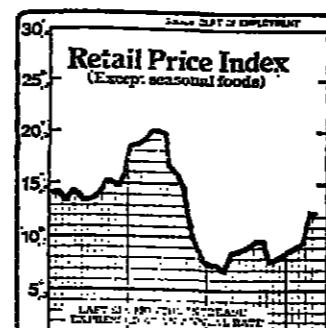
terday Sir Geoffrey Howe, the Chancellor, stressed the "once-and-for-all" nature of the price rises resulting from the Budget.

"I think people do understand that it is a sensible and necessary consequence of making a break for a country with bigger opportunities. I think you will find that people will not be led astray by the union militants."

The Treasury has forecast that the 12-month rate will be up to 16 per cent by the late summer and 17 per cent by November. This may not be the peak, especially if local authorities and public corporations respond to public-spending cuts by raising rates and charges.

The projections take account of the impact on food prices of the proposed devaluation of the EEC green pound, but not of the small impact on the cost of living of a possible rise in the mortgage rate later in the summer.

Consequently, even though the Government has been claiming that the Budget itself will



leave the taxpayer better off, the rise in the rate of price inflation is likely to mean growth and possibly a slight fall in living standards as measured by real disposable incomes.

The rise in the underlying rate of inflation is shown by the increased index for all items except seasonal foods over six months, but expressed at an annual rate. This stood at 12.2 per cent in mid-May, roughly the same as in the previous month, but compared with a rate of 8.6 per cent a year ago.

The all-items index rose by 0.8 per cent in the month to mid-May. This was mainly the result of rises in prices of foods such as meat and confectionery, petrol and other motoring costs, rents and alcoholic drinks.

Industrial output recovers,

Back Page.

## Alitalia suspends plan to buy six DC 10-30s

BY PAUL BETTS IN ROME

ALITALIA, the Italian national airline, has effectively suspended its planned £148m purchase of Six McDonnell Douglas DC 10-30s following the aircraft's grounding in the U.S. and fresh doubts about its safety. Sig. Umberto Nordio, Alitalia chairman, said yesterday.

Sig. Nordio claimed that he was not in a position to say whether Alitalia would eventually go through with the deal. "This will clearly depend on future developments," he said.

Lynton McLaren writes: Revised DC-10 maintenance plans which may lead to a resumption of flying by European operators later next week were discussed in Zurich yesterday.

The plans, drafted by British Caledonian Airways, Swissair and Alitalia, were put to other European DC-10 operators and airworthiness authorities. The move was in readiness for

Monday afternoon's crucial meeting in Zurich between the airlines, air authorities, McDonnell Douglas, and the U.S. Federal Aviation Authority.

Confirmation of the deal by IRI, which was due at the end of last month, has so far not come.

It was highly unlikely the Italian Government would approve the purchase at this stage. The Italian Transport Ministry is due to take a decision on the deal by the end of this month.

The talks will be preceded in the morning by a final meeting of the 18 European DC-10 operators aimed at hammering out the last points of the tighter, more intensive maintenance plan for the aircraft.

The afternoon forum will be an extraordinary meeting of the European Civil Aviation Conference. Two officials from the FAA will attend.

British Caledonian and other DC-10 operators hope the conference will endorse the revised maintenance proposals as more than adequate to ensure the safe operation of the aircraft. If endorsed, the plan would go to individual governments for final approval by national airworthiness authorities.

## CBI and BL chiefs knighted

BY PHILIP RAWSTORNE

EIGHT OF the country's leading businessmen are knighted in the Queen's Birthday Honours today. A further 17 top industrialists are awarded the CBE, many of them for services to exports.

The industrial and commercial knights in the first honours list to be recommended by Mrs Margaret Thatcher are led by Mr. John Greenborough, President of the Confederation of British Industry, and deputy chairman of Shell UK.

Knighthoods also go to Mr. Michael Edwardes, chairman of BAE, appointed by the Labour Government in 1977 to reorganise the ailing Leyland car group; Mr. Alex Jarratt, chairman and chief executive of Reed International and a former civil servant; and Mr. Robert Hunt,

chairman and chief executive of the Dowty Group, which he joined as an apprentice.

The four other businessmen knighted are Mr. Gordon Hodday, chairman of Boots; Mr. Maurice Hodges, chairman of Imperial Chemical Industries; Mr. Ronald Swaine, chairman of Overseas Containers; and Mr. Anthony Tuke, chairman of Barclays Bank.

Mr. John Davies, former Conservative Secretary for Trade and Industry, who recently retired from the Commons after a severe illness, is one of seven former Tory MPs who receive life peerages.

The other new political peers, balancing the number of former Labour MPs elevated in Mr. James Callaghan's resignation

## £1.8bn in new Gilts stock issued

By Our Economics Correspondent

THE GOVERNMENT yesterday announced the issue of £1.8bn of gilt-edged stock in an attempt to finance its borrowing needs over the next couple of months.

The authorities want to take maximum advantage of the conditions created after the two-point rise in Minimum Lending Rate to 14 per cent on Tuesday, and the sale of more than £750m of gilt-edged stock on the following day.

There are two issues, £80m of 12 per cent Treasury 1984 and a further tranche of £124m of 13½ per cent Exchequer 1999. Both are being issued in a partly paid form and are offered for sale by tender. Applications must be submitted by 10 am next Thursday.

The size of the issues led to slight falls in some Gilt prices. There is still uncertainty about the appropriate level of short- and long-term interest rates.

The official view is that MLR should remain at its present level for the time being, while the rate of monetary growth has clearly come under control.

At last night's prices the 1984 issue looked rather expensive, though the 1989 stock was more in line with existing yields.

The minimum tender price on the 1984 issue is £97.50 per cent where the gross redemption yield is 12.67 per cent. A total of £50 per cent is payable on application and the balance is due on July 11.

Only £15 per cent has to be put up next Thursday on the 1989 issue, which could prove attractive to foreign investors if conditions look favourable next week.

A further £25 per cent is due on July 8, with the balance on August 8.

The minimum tender price is £95.50 per cent, where the gross redemption yield is 12.88 per cent.

## OVERSEAS NEWS

### Troop reduction hint at Vienna summit



President Brezhnev arrives in Vienna.

MR LEONID BREZHNEV, the Soviet President, is expected to make another attempt in his summit meeting here with President Carter to break the deadlock in the European troop reduction talks, known as MBFR.

But carefully orchestrated leaks from Warsaw Pact diplomats of what Mr. Brezhnev has in mind, perhaps as a "first step" in negotiations at official level later, suggest little advance on previous Soviet positions.

The core of the Soviet proposals is reported to be a separate bilateral accord with the U.S. under which Russian troops in Europe would be reduced by 60,000 and American troops by 22,000, coupled with a freeze on the existing strength of the Warsaw Pact and NATO forces.

But a freeze would leave unresolved the central disagreement over the size of the Warsaw Pact military presence. For this reason, and because the U.S. is known to be reluctant to entertain any Soviet initiative without first consulting its NATO allies, it is thought here that the Soviet President may be more interested in scoring publicity points.

Before leaving Washington, U.S. officials carefully warned against expecting any breakthrough on the subsidiary issues, including MBFR, which are due to be discussed here over the weekend before Monday's signing of the Strategic Arms Limitation Agreement.

The two heads of state met for the first time last night in the glittering Maria Therese room of the Austrian President's office when they paid a courtesy call on Dr. Kirschleger. Both were due to attend the performance in the evening by the Vienna State Opera.

A principal fascination here has inevitably been the state of Mr. Brezhnev's health. Unlike Mr. Carter the night before, he made no remarks on arriving in Vienna. During airport welcoming ceremonies, while laying wreaths at Soviet and Austrian war memorials and in his meeting with Mr. Carter, he appeared unsteady and even slightly bemused.

But he was also clearly making a determined effort not to appear to be gravely ill and therefore incapable of weekend's summit with the American President. He is accompanied by an exceptionally strong delegation, including three other senior members of the Politburo and the Chief of Staff of the Soviet armed forces.

Among the subsidiary issues on the agenda at the summit, the Soviet Union is known to attach particular importance to the granting by the U.S. of most-favoured-nation trading status, precluded under the 1974 Jackson-Vanik amendment because of the absence of Soviet assurances on Jewish emigration.

Most-favoured-nation status would do more for Russian self-esteem than for the country's economic prospects. The Soviet desire to be treated as an equal by the United States as part of the motivation for making concessions on its dissidents and Jewish emigration.

### Malaysia threatens to fire on boat people

By David Tonge

MALAYSIA announced yesterday that it would begin to shoot out to international waters the 76,000 refugees from Vietnam for whom it has provided asylum. It also said that it was preparing legislation to fire on sight at any further boat people.

The move comes after Indonesia last week bolted its borders to further refugees, saying that like Singapore, it would turn any further refugees away. It underlines the worsening plight of the refugees and increases the pressure on Hong Kong.

The Malaysian decision was announced by Deputy Prime Minister Datuk Mahathir Mohamad. In the past Malaysia has towed out to sea about one-fifth of the flotilla armada of refugee boats which survived the crossing from Vietnam, according to local press reports.

However, the refugee tide has continued to increase, with some 17,000 arriving in the last month, according to the UN High Commission on Refugees.

"Being humane has not paid off for us at all," the Deputy Prime Minister said. "All we are getting is a further inflow of Vietnamese illegal immigrants."

Sir Murray MacLeod, Governor of Hong Kong, who is visiting London for talks with the British Government on the refugee crisis, and is to visit Washington next week, described the Malaysian decision as "a desperate reaction to a desperate situation." He warned that the patience and humanity of the countries round the South China Sea was beginning to snap.

Mrs. Margaret Thatcher, the Prime Minister, has called for an international conference on the situation while Mr. Cyrus Vance, the U.S. Secretary of State, has said that at this weekend's Carter-Brezhnev summit in Vienna the USSR would be asked to use its influence on Vietnam to reduce the outflow.

The trouble along Iran's western border comes at a difficult time for Mr. Mehdzi Bazargan's Government, deeply embroiled in the major issue of the country's future constitution.

Publication of an officially approved draft constitution promised for yesterday was postponed once again at the last moment.

The incident is the latest in a mounting succession of irritants for the new Iranian regime and is bound to put the relationship with Iraq under severe strain.

Relations had been troubled since March 1975, when an agreement between the

companies have deliberately been withholding supplies from the market until prices go up. Dr. James Schlesinger, the Energy Secretary, said earlier this week that oil companies had been "unnecessarily conservative" in the amount of oil they have been refining and his staff would investigate what was going on. At the moment, the exact supply situation is confusing, with crude oil imports and stocks rising, but petrol supplies and refinery usage sharply down on last year.

Exxon has begun inserting large advertisements in the Press claiming that its deliveries of petrol are actually higher than last year's, despite the tight oil market.

Reuter reports from Brussels:

The amount of oil traded on the Rotterdam spot market has fallen considerably from an earlier figure of 5 per cent of European supplies, Common Market Commission officials said yesterday.

### Japan registers \$800m current account deficit

By RICHARD C. HANSON IN TOKYO

JAPAN HAD its second consecutive monthly current account deficit in May as the merchandise trade surplus narrowed sharply. The outflow of long-term capital continued, but at a slower pace than in recent months.

Preliminary figures show the current account registered a deficit of \$800m compared with a \$248m deficit in April. Trade was in surplus by \$70m, down sharply from a surplus of \$510m the previous month.

Exports on a fob basis rose 7 per cent from a year ago to \$8.13bn and were up from \$7.81bn in April, when the annual rise was a small 1.3 per cent. The volume of exports was up 3.6 per cent from a year ago, the first rise in volume in eight months, but the Finance Ministry expects the trend to less volume will continue.

Steel exports were up 28.4 per cent, and ear exports remained at last year's very high levels. Fob imports were up 29 per cent to \$8.06bn. Food-stuff imports climbed sharply, as did coal and raw materials for metals. Oil imports, 36.5 per cent of the total, were

down from a year ago, but the drop reflected much heavier imports in May 1978 to avoid a new duty from June.

On a seasonally adjusted basis the May current account deficit was actually smaller than April, \$6m against \$501m, and the trade surplus widened to \$864m from \$267m. The adjustment reflects the tendency for May imports to be much larger than other months.

The long-term capital account showed an outflow of \$1.25bn, down from the April outflow of \$2.15bn. This was the result of Japanese capital for portfolio investments by about \$500m from the previous month and a switch to net inflow for foreign investment in securities of \$400m.

The overall balance of payments was in deficit for the eighth month in a row by \$750m, compared with a deficit of \$2.973bn in April. Seasonally adjusted the overall balance was in surplus by a small \$44m compared with an adjusted deficit of \$2.216bn in April.

### U.S. industrial production shows rise of 1.3%

By DAVID BUCHAN IN WASHINGTON

INDUSTRIAL PRODUCTION in the U.S. last month bounced back by 1.3 per cent, largely offsetting the April decline of 1.4 per cent, caused in the main by the national truck drivers' stoppage in that month.

However, output of both consumer goods and construction supplies in May remained below their March levels, the Federal Reserve Board reported yesterday. The May figures should not trouble economists in the Carter Administration, who have been welcoming a slowdown in the economy to help curb rampant inflation, while they may please political tacticians, who do not want a recession in advance of next year's election campaign.

Output of consumer goods

rose 1.8 per cent in May following the 2.5 per cent decline in April. Car production was a strong feature here, regaining its March level.

• David Lascelle adds from New York: Citibank, as expected, yesterday cut its prime rate by 1/4 per cent to 11.1 per cent, continuing the trend set by Morgan Guaranty earlier in the week. Unlike most other banks, Citibank sets its prime according to a formula based on the cost of short-term funds. A number of smaller banks followed Citibank's move yesterday.

Despite these developments bond prices weakened slightly in the wake of the announcement of the rise in industrial production and Thursday's sharp rise in the money supply.

### Australian strike called

By OUR CANBERRA CORRESPONDENT

AUSTRALIA FACES a national strike next week for at least a day, and possibly longer, following the arrest of 10 trade unionists during a meeting in the Pilbara, the world's richest iron ore area, about 1,000 miles north of Perth.

Four days after the incident, the six state labour councils—branches of Australian Council of Trade Unions—called for a 24-hour national strike in protest at the arrests on Thursday, when the 10 unionists appear in court.

Left-wing unions covering metal workers, truckdrivers, dock workers, seamen, and employees in the power industry, have called for three- and four-day strikes and boycotts. Some have threatened to keep their members out indefinitely.

The chance of a compromise dimmed after Sir Charles Court, the West Australian Premier, refused to intervene and said the Government would not re-examine the Act under which the trade unionists were charged

until after the court hearings finished. The unionists say they will refuse to pay fines if they are imposed by the court.

Mr. Peter Nolan, the secretary of the ACTU, said he could "not ignore requests" to coordinate a national strike. Mr. Nolan yesterday urged Mr. Malcolm Fraser, the Prime Minister, to ask the West Australian Government to repeal the legislation, and "restore some sanity in the situation."

While Government-union confrontations have a habit of fizzling out at the last moment in Australia, the drawn-out and bitter background to the dispute, and the importance of Pilbara to the Australian economy means that any extension beyond next week could have a damaging impact.

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### Iraqi planes attack across Iran border

By ANDREW WHITLEY IN TEHRAN

IRAQI WARPLANES have again attacked Iranian border villages in defiance of a threat by Tehran officials to take "severe measures" in the event of a repetition of the June 4 raid.

The air raid said yesterday came at a difficult time for Mr. Mehdzi Bazargan's Government, deeply embroiled in the major issue of the country's future constitution.

The incident is the latest in a mounting succession of irritants for the new Iranian regime and is bound to put the relationship with Iraq under severe strain.

Relations had been troubled since March 1975, when an agreement between the

### Cyprus talks resume

By OUR NICOSIA CORRESPONDENT

GREEK CYPRIOT and Turkish Cypriot representatives began a new round of talks in Nicosia yesterday—the first for more than two years—to try to resolve long-standing differences on the island, divided since the 1974 Turkish invasion.

It was reliably learned that one of the first issues raised at yesterday's meeting was the presence of an adviser from Turkey—constitutional law expert Professor Münaziz Soysal. The Turkish Cypriot interlocutor, Mr. Ümit Suleyman Onan explained that Mr. Soysal would only deal with constitutional matters and that his presence did not alter the intercommunal character of the talks.

Under the agreement, the resettlement of Varosha was to take place "without awaiting the outcome of the discussion on the other aspects of the Cyprus problem." But now the Turkish side is making it clear that substantial concessions must be given, probably an early part of a wider package.

Diplomatic observers saw Mr. Soysal's presence as indicating Turkish Cypriot dependence on Turkey for negotiating a future settlement for the island.

David Tonge adds: One month ago the two communities' leaders reached a 10-point agreement which gave priority to allowing Greek Cypriot refugees to return to Varosha, the tourist suburb of Famagusta.

Under the agreement, the resettlement of Varosha was to take place "without awaiting the outcome of the discussion on the other aspects of the Cyprus problem." But now the Turkish side is making it clear that substantial concessions must be given, probably an early part of a wider package.

French jobless rise

The French employment outlook worsened yet again in May. Terry Dodsworth writes from Paris. Ministry of Labour figures showed an increase of 2.7 per cent in unemployment to 1,376,100 on a seasonally adjusted basis, compared with the previous month.

### Moves to reopen Rhodesia road

By TONY HAWKINS IN SALISBURY

NEGOTIATIONS between Zimbabwe Rhodesia and Zambia on the re-opening of road links between the two countries have been in progress for several months. But it is understood the Lusaka Government had still to make up its mind.

In a statement on Thursday the Ministry of Transport had said the deck of the Victoria Falls bridge, used for the road traffic, needed replacement. This had been known since 1975 but the Zambian Government has refused permission for Rhodesian workmen to undertake the necessary repairs. The statement said that once such permission was given, it would take approximately a month to have the bridge re-opened for road traffic.

The rail bridge, linking the two countries at the Victoria Falls originally closed by Ian Smith's Government in January 1973, was re-opened last October at the request of Zambia's President Kenneth Kaunda to import vital supplies of fertiliser and for the export of Zambian copper via Zimbabwe Rhodesia.

Talks about reopening the three road links between Zambia and Zimbabwe Rhodesia — at the Victoria Falls, Kariba and Chirundu — started last year, soon after the rail link was restored. The Salisbury Government is understood to have stipulated its conditions for the resumption of road traffic which are essentially the same as those accepted by the Zambians in respect of rail traffic. These are that Zambia should instruct the Zippa guerrillas loyal to Mr.

Joshua Nkomo, based in Zambia, that road, rail and power installations should not be attacked. The Zippa guerrillas are understood not to have attacked the railway from Botswana via Bulawayo to Zambia for some time now, apparently reflecting the success of Zambian demands.

However, the main Rhodesian line to South Africa at Beitbridge is frequently sabotaged by Zippa guerrillas loyal to Mr. Mugabe, operating from Mozambique.

It is understood in Salisbury that if Zambia is to meet its maize import requirements, it will be necessary to open the bridge.

Using this route would raise the possibility of sabotage of both rail and road transport by Mr. Mugabe's guerrillas operating in the eastern half of Zimbabwe Rhodesia.

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\* The figures for 1976 — 1975 include investments at market values which exceed book values.

### The Orion



### Insurance Company Limited

#### 1978: Progress in a difficult year

- Profit before tax £4,064,000 (1977: £3,642,000)
- Investment income up 19% on comparable basis
- 1976 marine and aviation accounts produced satisfactory profits despite an adverse trading environment
- The London non-marine account developed good premium growth
- Motor and UK regional fire and accident business resulted in a loss—although substantial progress was made in redeveloping these accounts

	1974 £'000	1975 £'000	1976 £'000	1977 £'000	1978 £'000
Total premiums	17,012	19,472	24,936	26,479	25,009
Investment income	3,284	3,536	4,143	4,393	5,069
Underwriting Profit/Loss	1,185	1,261	4	-256	-546
Profit before tax	4,043	4,188	3,624	3,642	4,064
Shareholders' Funds*	8,007	9,022	14,500	15,745	14,814
Total Assets*	57,603	69,001	90,644	90,664	89,174

Copies of the full Report, Accounts and Chairman's Statement can be obtained from The Secretary, The Orion Insurance Company Limited, 70/72 King William Street, London EC4N 7BT.

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## UK NEWS

# Slater appeal bid falls

BY TIM DICKSON

MR JIM SLATER yesterday failed in his attempt to appeal to the House of Lords against a previous ruling that he was guilty of offences under the Companies Act involving £4m.

Summons against Mr Slater, formerly chairman of Slater Walker Securities, were dismissed by City of London magistrates in February, 1977, but earlier this year the Department of Trade successfully appealed in the High Court.

The 15 summonses alleged that Mr Slater allowed Slater Walker Securities' money to be used to buy shares in the company, contrary to Section 54 of the Companies Act.

The magistrates originally cleared Mr Slater on the grounds that the loans made by Slater Walker to Blair Securities to buy SWS shares were within the proviso of Section 54, which allows loans made in the ordinary course of business to be used for share purchases.

## UK NEWS

**Crown Agents' £140m foray**

BY TERRY OGG

**THE CROWN AGENTS'** excursion into secondary banking and property will cost the British taxpayer about £140m, Mr. Sidney Eburne, the former merchant banker who last year became senior crown agent, disclosed yesterday.

Notes to the 1978 accounts state that Government grants totalling £175m have been paid to the Crown Agents on the understanding that the money would be recoverable from future earnings or by appreciation of assets.

The funds have been used to cut the total losses of £205.8m that followed the fringe banking collapse in 1973/74 to a more manageable £22.5m. Some of the money will find its way back to the Treasury, but between £130m and £150m is irrecoverable.

Mr. Eburne heralded the dawning of a new era for the agents. "The board has instituted a review of all the existing services to ensure that they are geared to the needs of the 300 or so Ministers and Government bodies for whom we work," he said.

**Mass EEC Liberal protest**

By Philip Rawstorne

EUROPEAN LIBERALS may formally challenge the credentials of British Tory and Labour MPs at the opening next month of the European Parliament in Strasbourg.

The move is being considered as part of a protest against the absence of British Liberal MPs.

European Liberals will also press the Parliament to plan a uniform voting system for the next Euro-elections in 1984.

Mr. David Steel, British Liberal leader, who returned yesterday from talks in Brussels with the leaders of other European Liberal parties, said that they had been "considerably angered by the injustice" of the British Euro-election results.

Ten British Liberal candidates—the number the party claims would have been elected under a system of proportional representation—are to attend the Parliament's opening as guests of their European colleagues.

"The results of this review will begin to take effect in the coming year, but we have already started new services in health care and rural development and have completed a re-organisation of the traditional engineering and procurement departments."

The main feature of the "new era" will be the sharp cleavage with the past through the new Act making Crown Agents an incorporated body. This was approved by Parliament earlier this year and given Royal Assent in April.

"The effect of the Act is to put our operations on a proper statutory basis," Mr. Eburne said. "It does not alter our traditional activities on behalf of principals nor does it affect the confidential relationship between the Crown Agents and the principals for whom we act."

It does enable the organisation to hive off the remnants of its fringe banking activities into a separate corporate body, called the Crown Agents' Holding and Realisation Board. At present,

these operations are included in the Crown Agents' accounts via a separate "realisation account."

The summary of the account shows that investment and medium- to long-term loans were valued at £192.2m at the end of December, 1978, and that provisions for losses totalled £28.6m. Liabilities, including £29.6m owed to Crown Agents, were £85m. This gave an overall deficit (after the £175m grant and the £2.2m capital reserve) of £28.6m.

The operating account, which details the performance of Crown Agents' traditional activities, shows that assets were valued at £53.8m and liabilities totalled £53.2m. The reserves of £33.2m on this account offset the deficit on the realisation account.

"This is a company from whose activities the public might be protected," he said.

As the Comptroller and Auditor General points out in his report, this surplus has been achieved largely because of the grants made available by the Government. However, for the first time since 1974 the Crown

Agents' operating account no longer needs to contain a note stating that it has been prepared on a going concern basis through assurances of continued Government support.

While announcing the new era for Crown Agents, Mr. Eburne also hinted strongly at an increase in fees charged for some of its services in the near future.

"Our financial target remains to break even, taking one year with another," he said. "In 1978, following two years of substantial surpluses (£10.1m in 1976 and £5.8m in 1977) we came much closer to our target with a surplus of £1.5m. Ignoring the effect of unrealised gains and losses on Government securities, we may expect a further decline in 1979."

"This prospect means that we are examining very closely all our costs with the view to effecting economies wherever possible. We have not increased our fees since 1976, but I regret that it is inevitable that some part of the inflationary rise in costs will have to be passed on to our principals."

**Scientific research escapes big cuts**

By Maurice Samuelson

SCIENTIFIC RESEARCH work emerged almost unscathed from cuts in allocations by the Department of Education and Science resulting from the Budget decisions. The £322m allocations for research councils in 1979-80 were trimmed by £3.1m, to £216.5m.

The Science Research Council's £17.6m allocation falls by £2.6m and £1m is taken from the Medical Research Council's £4.9m.

However, all five research councils (the others are agricultural, environment and social science) and the British Museum's natural history department are still £5m better off than before last Autumn's annual increases. The Royal Society's £2.8m remains untouched.

Mr. Geoffrey Allen, chairman of the Science Research Council, said yesterday he was "moderately optimistic" that the councils could carry through their new programmes simply by balancing their budgets, although it would not be known until the autumn whether future

guidelines would affect the programme's growth rate.

"We are not pulling out of space research," he said.

In December, Mrs. Shirley Williams, then Education Secretary, said the science budget would be raised by 4.7 per cent over the next four years.

• The Budget will mean a cut of £2,500,000 in aid to the arts—including one of £1,140,000 for the Arts Council. Mr. Norman St. John Stevans, the Arts Minister said yesterday in a Commons written reply. Main cuts include £599,000 from the British Library, £149,000 from the British Museum and £124,000 from the Victoria and Albert Museum.

**Licensing cost**

PROVISIONAL ESTIMATE OF THE TOTAL COST OF THE VEHICLE REGISTRATION AND LICENSING SYSTEM IN 1978-79 IS £55m. Mr. Kenneth Clarke, Transport Parliamentary Secretary, said yesterday in a Commons written reply.

Mr. Murray and his colleagues should fight their case in Parliament and the Press, and not in factories, in the streets and on the barricades.

**Murray attacked on Budget**

By Maurice Samuelson

MR. LEN MURRAY, general secretary of the TUC, was accused yesterday of wanting to destroy democracy by leading organised labour against the Government's economic strategy.

Mr. Denys Randolph, chairman of the Institute of Directors, said this was the intention behind Mr. Murray's threat of a campaign of opposition to the budget and the Government's whole economic strategy.

Mr. Randolph told businessmen in Nottingham that strikes and demonstrations by organised labour tied to one particular political party would be action for political ends, and a glaring case of a minority coercing the majority.

The judge said that the Department of Trade was interested from the start in the way the bank's business was conducted. The Secretary of State made Orders under Section 109 of the Companies Act authorising two of his officers to carry out the investigation, which led to the winding-up petition last December.

**Judge winds up 'silver bank'**

By PHILIP BASSETT, LABOUR STAFF

THE IMMEDIATE threat of a strike which would have halted all London Underground services from Monday was lifted yesterday when the executive of the National Union of Railwaysmen agreed to refer a pay dispute to arbitration.

Some union officials privately recognise that the danger of an official action remains and that the unions might have difficulty presenting the arbitration idea to some members who were pressing for a payment in advance.

The executive of the train drivers' union ASLEF, which has about 2,200 Underground members, also agreed yesterday to accept the formula. The white-collar Transport Salaried Staffs' Association had been

pressing for arbitration on the dispute for some time.

Mr. Sid Weighell, NUR general secretary, said he was sure the union's responsible membership would follow the executive decision.

Some union officials privately recognise that the danger of an official action remains and that the unions might have difficulty presenting the arbitration idea to some members who were pressing for a payment in advance.

The arbitration panel, which will begin hearing evidence from the two sides tomorrow, will also consider an NUR request to examine the pay relativities between the main body of London Transport workers and the NUR's railway workshop staff.

The independent chairman of the panel will be Mr. Ian Buchanan, of the economics department of Dundee University, with employers' and union representatives completing the team.

**Midland Bank computer staff in strikes ballot**

By NICK GARNETT, LABOUR STAFF

COMPUTER STAFF in the Midland Bank are being balloted by the Banking, Insurance and Finance Union on a proposed series of official one-day strikes over pay.

The union executive will discuss the response to the vote taken this month, as well as the results of a ballot on this year's pay negotiations for banking staff other than computer workers in all five clearing banks.

Both sets of negotiations have been deadlocked. The union said yesterday that Midland computer staff had been offered 11 per cent for Grades 1 and 2 and 11.5 per cent for Grade 3 and above in response to a claim of 20 per cent with a further 5 per cent for consolidation.

One-day strikes could have serious repercussions on cheque

clearances, supply of account balances and other work, the union said. The Association of Scientific, Technical and Managerial Staffs, which also has members in Midland, may consider industrial action on the banking staff offer, which its negotiators have rejected.

The English clearing banks have offered their 200,000 staff 11 per cent new money together with full consolidation of their 5 per cent productivity payment.

The series of difficult discussions between BIFU and the staff associations in Barclays, National Westminster and Lloyds on creation of a single staff body for clearing banks continued under the chairmanship of Dr. Tom Johnston, chairman of the Scottish Manpower Services Committee.

Both the suggestions have been rejected by the BSC previously, but Mr. Cooper said it was feared that if Shotton Steel was not saved the corporation would end up importing steel to keep the works' highly specialised finishing section fully operational.

They did not think it feasible, he said, to transport the required 1.5m tonnes of steel a year to Shotton from other British works.

If steelmaking closes at Shotton over 6,000 jobs would be lost.

**Rists engineers reject 14% offer**

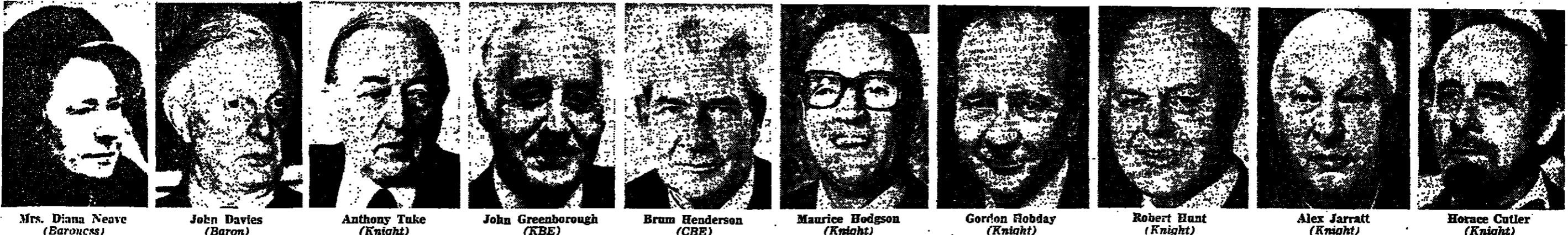
PRODUCTION remained at a standstill yesterday at the Rists Wires and Cables factory in Newcastle-under-Lyme, Staffordshire, after engineers rejected a 14 per cent pay offer.

About 200 engineers and drivers have been on strike for a fortnight and more than 2,000 manual workers have been laid off.

Mr. Les Dawson, works-con-

venor, said he was "bitterly disappointed" that the men had rejected what amounted to a £14 a week rise in basic pay for a skilled man. He said they wanted further 2½ per cent plus £450 productivity back pay.

He warned of imminent lay-offs in the car industry because of a shortage of harnesses which Rists supplies, unless production resumes quickly.

**Birthday Honours for politics and industry**

RECOGNITION for service in politics, industry, medicine, science, local government, public service, the arts, and the Civil Service is featured in the Queen's Birthday Honours.

Created Life Peers are three Baronesses and 11 Barons; one Privy Councillor is appointed, and 29 Knights Bachelor named.

LIFE PEERS  
BARONNESSES

Miss Betty Boothroyd, MP for Skipton, Cheshire; Secretary of State for Environment; Baroness Skipton; Lady MP for Renfrewshire East; Deputy Chairman of Ways and Means Committee; Baroness

Professor Jean Kennedy MacFarlane, Professor and Head of Department of Nursing, Manchester University; Dame Joan Hinton, Baroness Neave, widow of Sir Archibald Neave.

BARONS

Mr. John Davies, formerly MP for Kentsford, Cheshire; Secretary of State for Environment; Baron of the Duchy of Lancaster; Baron Davies.

Mr. Joseph Goldfarb, MP for Grangemouth, Lincolnsire; Minister of Agriculture, Fisheries and Food, 1974-75.

Mr. Alan Hartshorn, general director, Institute of Economic Affairs.

Professor Hugh Redwald Trevor-Roper, Master of Magdalene College, Oxford University.

Mr. John David Gibson-Watt, formerly MP for Rutherglen, Fife, Wood, West Lothian, 1974-75.

Mr. Richard Frederick Wood, MP for Overstrand, Norfolk, Minister of Overseas Development, 1970-74.

PRIVY COUNCILLOR

Mr. Terence Langley Higgins, MP for Worthing.

COMPANION OF HONOUR

Sir Michael Kemp Tippett, for services to music.

KNIGHTS

Professor Sir Alan Alder, chairman, Research Councils; Sir Clive Roberts, chairman, Royal Commission for the Environment; Mr. James Clegg, Captain, chairman of the Royal Naval Medical Association; for services to medicine; Coote, later MP for Bristol West.

Walter Cutler, Leader, Greater London Council; Alan Pritchard, secretary, Ministry of Defence; deputy secretary, Department of Health and Social Security; Mr. John Rodger, State, deputy secretary, Department of Trade; Mr. Edward Stoddart, former Member of Parliament for Merthyr Tydfil, South Wales; chairman, British Local Government Association; Eric Vickery, under-secretary, Department of Health and Social Security; Mr. Malcolm Whittles, under-secretary, Treasury.

ORDER OF ST. MICHAEL AND ST. GEORGE CMG

Mr. Sidney Abramson, under-secretary, Department of Employment; Mr. David Breckley, assistant director, Divertics Division, Institute of Geological Sciences.

ORDER OF THE BRITISH EMPIRE DBE  
Miss Margaret Kate Weston, director of the House of Lords; Lady of Mann, President of the Royal College of Surgeons of England.

KNIGHTS  
Sir Frank Crispin, Permanent Under-Secretary of State, Ministry of Defence; Mr. Alan Hartshorn, general director, Institute of Economic Affairs.

KCS  
Mr. Kenneth Edward Constance, Second Permanent Secretary, Treasury; Mr. William Alexander, Permanent Under-Secretary of State, Scottish Office.

Mr. Douglas Arthur Lovelock, chairman, Royal Commission on Environmental Pollution.

Mr. George Charles Wardale, Second Permanent Secretary, Department of the Environment.

Mr. John Arthur Alles, principal director, Ministry of Defence.

Mr. Christopher John Dainton, permanent secretary, Department of the Environment.

Mr. John Bertrand Hardy Williams, legal secretary, Ministry of Defence.

Mr. Anthony Addison Blitner, Clerk of the Public Bills Committee.

Mr. Peter Edward Trentham, Director of the Royal Commission on Environmental Pollution.

Mr. Frank Appleby, Under-Secretary of State, Department of Education and Science.

Mr. John McEwan, Under-Secretary of State, Department of Health and Social Security.

Mr. John Rodger, State, Under-Secretary of State.

Mr. Edward Stoddart, former Member of Parliament for Merthyr Tydfil, South Wales.

Mr. Eric Vickery, under-secretary, Department of Health and Social Security.

Mr. Michael Whittles, under-secretary, Treasury.

Mr. John Rodger, chairman, Civil Service Commission.

Mr. Alan Hartshorn, chairman, Civil Service Commission.

Mr. Michael Whittles, under-secretary, Treasury.

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## THE WEEK IN THE MARKETS

### The moment of truth

THE CHANCELLOR'S Budget Statement on Tuesday lasted for well over an hour—but the moment of truth for the City came in a brief couple of paragraphs less than a third of the way through. "Not for the first time," said Sir Geoffrey Howe, the levels of public spending and borrowing which Mr. Healey had permitted were far too high to be compatible with his own monetary targets. "Reluctantly, I shall myself be obliged to take painful action to correct that mistake."

Painful it certainly was. The next target range for the growth of sterling M3 in the 10 months to next April was to be 9 to 11 per cent. That in itself represents a really savage squeeze during a period when inflation could well be running at 15 per cent and more. Thirty seconds later Sir Geoffrey was announcing a two-point jump in the Bank of England's Minimum Lending Rate to the crisis level of 14 per cent.

The Stock Market's immediate reaction was uncharacteristically sober. Declining in gilt-edged bonds, it had actually stopped for a day. By the time the Chancellor stood up, equity prices showed only marginally in late trading.

#### Bitterness

That was the calm before the storm. On Wednesday morning, the Government broker slashed the price of the long tap stock by 51 points and, amid some confusion and a certain amount of bitterness among those who had been left out of the rush, virtually the whole lot (£500m) was cleared out in a matter of moments.

In equities, the mood was depressed right from the start—and it got worse as the day wore on. On Wednesday and Thursday, the Financial Times 30-Share Index lost a total of more than 27 points.

The initial hope was that the increase in interest rates would turn out to be strictly a short-term affair designed to give the Government broker a chance to find a new base from which he could start selling stock in significant quantities.

#### EQUITIES AFTER THE ELECTION

The table lists the changes in the FT Industrial Ordinary share index and its constituents over the five weeks since the record high was established the day after the general election.

	Price	1979	Y'day	Change	High	Low
Ind. Ord. Index	478.5	—	—80.1	556.6	446.1	
Allied Brews.	89	—	—13	102	80	
BOC Int.	74	—	—7	81	65	
Beecham	530	—195	755	530		
Blue Circle	298	—44	356	244		
Boots	190	—45	238	184		
Bowater	173	—36	209	171		
BP	1,142	—88	1,246	882		
Brown (John)	489	—98	592	356		
Cadbury Schweppes	591	—94	69	51		
Courtaulds	95	—21	122	94		
Distillers	215	—34	259	198		
Dunlop	68	—12	80	60		
EMI	97	—17	144	97		
GEC	362	—88	454	311		
Globo	453	—62	600	453		

But the money supply figures published on Thursday suggested that the rates might have to stay high for some time while the increase is to have its intended effect.

In the half year running to last October, sterling M3 had been rising at an annual rate of 10.2 per cent—but since then the rate has increased to over 13 per cent and the month to mid-May brought a rise of 1.2 per cent. Bringing that kind of increase under control may take more than just a week or two of high short term interest rates. At any rate the banks, after a day of shilly-shallying, decided that 14 per cent was the right figure for their base lending rates. They all moved in a rush on Thursday.

All this excitement has had a marked effect on the foreign exchange market and the trade weighted index for sterling has risen a full point to 68.2 per cent over the week. The pound is now backed by the highest interest rates available in any major capital market, as well as by oil wealth. Foreign investors have to weigh against the fact that inflation in the UK is now accelerating to a rate well above that suffered by most of its trade competitors. But UK Government bonds must still look tempting speculation to overseas buyers, and the fate of the two new tap stocks which the authorities unveiled yesterday may well lie in their hands.

**Equity pipeline**

Faced with a big public-sector borrowing requirement and a commitment to cut direct taxes it was no surprise that the Chancellor has decided to sell off some of the country's equity heirlooms to help pay the bills. All told he plans to raise around £1bn in the current year.

Apart from BP there are a few other National Enterprise Board holdings that could be easily sold. The NEB's 50 per cent stake in Ferranti is worth just over £40m and its 25 per cent holding in International Computers Ltd. is worth much the same. Both companies are doing well and there would be plenty of institutional demand.

Apart from those two, the Government may well sell off its 24 per cent stake in British Sugar worth £25m, say, and there would be no shortage of bidders for the Fairley group of engineering companies which might fetch roughly the same sort of price.

However, the above four companies are not going to provide the Chancellor with much more than £150m at best and any further official sales of assets will take much longer to prepare. There are some juicy

notches to be had.

The problem is that apart from the Government's 51 per cent stake in BP (including the former Burmah holding) there is not much else left that both readily marketable and capable of raising large sums for the Exchequer. Indeed, because of the litigation over the former Burmah holding of

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## YOUR SAVINGS AND INVESTMENTS

EDITED BY EAMONN FINGLETON

Budget analysis: Our writers assess how savers emerge from the biggest tax upheaval in a generation

### It is all change for depositors

THE BUDGET brought good news for small investors, but they should look before they leap. The Chancellor's decision to push Minimum Lending Rate up to 14 per cent wreaked havoc on the gilt market, with prices see-sawing as heavyweight investors tried to judge where interest rates were going.

For small savers too there is a lot to chew over. The reduction in the basic income tax rate will make tax-free investments less attractive, for instance. Take the current issue of National Savings Certificates, which offers 8.45 per cent a year over five years. This worked out at 12.61 per cent gross for basic rate taxpayers before the budget but, on the lower tax rate, the figure is now only 12.07 per cent.

With the National Savings Bank investment account offering 12 per cent for money on one month's notice, the premium for longer-term money hardly looks attractive.

The sums are similar for building society depositors. The basic 8 per cent deposit rate works out at 11.43 per cent gross, fractionally below the new basic deposit rate of 11.3 per cent at most of the big

banks and a good half point below the 12 per cent rate offered by Barclays.

Unlike gilts and time deposits in banks, however, building society term shares provide large premiums to investors who can tie up their money for a time. The gross yield on four-year savings at the building societies is 13.57 per cent while a £1,000 local authority bond will return 12.8 per cent compared with 11.8 per cent for one year.

The interest-rate picture is cloudy enough at the moment for most lenders to want to wait and see. It is the right strategy. Local authorities are able to draw on the Public Works Loans Board (PWLB) before taking the plunge, while the Treasury has to give at least a month's notice of a new series of savings certificates. It would probably be reluctant to withdraw the current series now in any case, as it was introduced in January this year.

The Building Societies Association meets next on July 13 and no changes can be expected from that quarter until then. The societies will be scrutinising the volume of deposits over the next month and, if the lower

yield seems to be luring savers away, they might be tempted to push up the deposit rate by a quarter per cent, leaving the mortgage rate unchanged.

The banks can least afford to hesitate, as shown by their speedy reaction to Tuesday's

### NET SAVERS' INTEREST RATES AFTER THE BUDGET

	Your tax rate			
	nil	30%	40%	60%
<b>BANKS</b>				
Deposit account*	11.5	8.05	6.9	4.6
Three-month deposit†	13.12	9.19	7.28	5.25
Twelve-month deposit†	11.88	8.31	7.13	4.75
<b>BUILDING SOCIETIES</b>				
Deposit account	8	8	6.9	4.6
Two-year account	8.5	8.5	7.29	4.86
Three-year account	9	9	7.71	5.14
Four-year account	9.5	9.5	8.14	5.43
<b>LOCAL AUTHORITIES</b>				
One-year bonds	11.75	8.23	7.05	4.7
Two-year bonds	12.25	8.58	7.35	4.9
Three-year bonds	12.5	8.75	7.5	5
Four-year bonds	12.63	8.81	7.58	5.05
Five-year bonds	12.75	8.93	7.65	5.1
<b>NATIONAL SAVINGS</b>				
Five-year certificates‡	8.45	8.45	8.45	8.45
Investment account	12	8.4	7.2	4.8

\* Barclays' deposit rate currently at 12 per cent.

† Minimum £10,000.

‡ 18th issue held for full term.



### Societies at sixes and sevens

THE SUDDEN JUMP in Minimum Lending Rate this week has fanned fears of dearer home loans—but building society chief executives appear split on how immediate the threat is.

Several general managers have felt for some time that society rates are too low to attract enough funds to meet demand from home buyers and would privately welcome the opportunity to raise their rates.

Others, like Clive Thornton, general manager of Abbey National, see a further rise in the cost of home loans as a very last resort. "I would rather lengthen mortgage queues than put up the rate," he says.

He is supported by Donald Kirkham, general manager of Woolwich Equitable, who says: "I think there is a good chance that we can ride out the effect of the MLR rise."

In contrast, Gerald Aspell, chairman of the Leicester, told a meeting of businessmen in Hartlepool on Thursday that societies would have to raise their rates by the end of the summer if MLR remains at its new level for any length of time.

Leonard Williams, the new chairman of the Building Societies Association and chief general manager of Nationwide, also fears a rise may be unavoidable.

Interest to depositors is paid net of tax and the lowering of the standard rate of tax to 30 per cent in the budget would appear to provide a little leeway. Also the growing importance of term shares—particularly at larger building societies—provides further stability.

But room for manoeuvre would appear to be small and much will depend on what the Government's intention was when it raised the MLR this week. If interest rates are going to be maintained at their current level for some time then dearer mortgages are almost certain.

Andrew Taylor



### When it pays to split

FOLLOWING THE latest income-tax cuts, the minimum level of joint income at which a couple may be better off choosing separate taxation is £14,930. This figure applies where the couple's total income is not more than four times the lower-paid partner's earnings and where each is entitled to just the basic personal allowances. Where a couple has allowances for mortgage interest and other extras, the threshold is that much higher.

Eamonn Fingleton

### Gartmore's Moneybuilder Plan—A new way to invest for your children

Most parents or grandparents want to put aside a nest-egg for their children where it can grow over the years.

Now Gartmore offers the ideal way to do so—the new Moneybuilder Plan. It is a way to invest in a selected unit trust where money has a real chance to grow and it's as easy as putting money in a savings bank.

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Schlesinger Trust Managers Limited	3
Abbey Life Assurance Limited	8
M & G Group Limited	21

### What the experts think

SMALL INVESTORS, particularly retired ones, are among the biggest beneficiaries of the Budget.

They gain not only from the general cut in income-tax but from measures aimed particularly at them. The biggest boon is the increase in the threshold for investment income surcharge. Under the new rules, the surcharge will be paid only on investment income above £3,000 a year and at a uniform rate of 15 per cent. This replaces a complicated two-rate system in which the tax started at £1,700 a year for most savers and at £2,500 a year for people over 65. Under these rules an investment income of £5,000 a year bore a surcharge last year

of £617 in the case of the under-65s and £350 in the case of those over 65.

The over-65s gain from much higher personal allowances: the single person's age allowance will, for instance, now be paying total tax of just over £1,000 compared with £1,615 before.

A hidden extra bonus for many savers who will no longer have to pay higher rates of tax is that they will have more flexibility in their savings arrangements. They will no longer, for instance, have to be so careful about the timing of early surrenders on building society linked and other regular premium plans.

But there are snags for some savers. A particularly treacherous problem arises for the over-65s in the band of income between £2,500 and £3,000 a year.

For every extra £3 immediately above £2,500, an elderly person will suffer direct tax of 90p (30 per cent of £3) plus,

indirectly, further tax of 60p (30 per cent on £2 of income

middle-income pensioners. A single person over 65 with an income of £5,000 a year all from investments will, for instance, now be paying total tax of just over £1,000 compared with £1,615 before.

Most other people will now suffer such a swinging marginal rate only on income above around £17,000 a year.

## YOUR SAVINGS AND INVESTMENTS

The City's Budget change of heart is the subject of the latest instalment in Richard Lambert's correspondence with one bewildered investor

### Dear Mother-in-law,

You mustn't be rude about my friends. It is true that the City was tickled pink—sorry, blue—at the idea of a Conservative Government. In fact, share prices hit an all-time high the day after the election. It is also true that in his Budget this week, Sir Geoffrey Howe did more or less exactly what the Tories had been promising.

But just because his speech has been followed by loud groans and tumbling share prices, it does not follow that everyone in the City is mad.

Or not completely so, at any rate.

In the first place, you must understand that there is all the difference in the world between heady election rhetoric and the financial facts of life. It is better to travel hopefully than to arrive, as poor Cousin Percy observed when the *Prud Squad* finally caught up with him.

And the facts of life really are rather harsh—so much so that Sir Geoffrey had a terrible job to square election promises with financial commitments. Some budget arithmetic will help to show the tight framework within which he had to work: the public sector borrowing requirement plus bank lending to the private sector equals the sale of Government debt plus the growth in the money supply and in finance from overseas.

Don't worry about the detail. Just consider the pressure that has been building up on the different bits of the equation.

For one reason or another, the public sector's future borrowing needs have been rising fast in the past few months, and the Tories' promise to cut income tax has limited the extent to which Sir Geoffrey has been able to rein the figure back.

In addition, bank lending has been shooting ahead recently. And the new Government was firmly committed to limiting the rate of growth in the money supply.

So to make the sums work out, Sir Geoffrey either had to reckon on selling a lot more Government stock, or he had to slam down on bank lending.

To achieve that, he did something which almost nobody had been expecting—he pushed up the Bank of England's Minimum Lending Rate by two points to the crisis level of 14 per cent.

The news came as a bolt from the blue—and it was combined with another nasty.

The Government now expects the year on year rate of inflation to rise to 17½ per cent in the autumn. And although that figure is distorted by the once-for-all impact of the increase in indirect taxes like VAT, the

Treasury reckons that inflation could still be as high as 18½ per cent in the following 12 months.

So a lot of UK companies face a pretty lean 12 months. There is going to be pressure for big wage increases. The home economy is being squeezed flat and export margins are being hit by the strength of sterling.

Credit is likely to be in short supply for some months, at anything but penal rates. The prospects for dividend growth do not look too rosy, even though companies can now pay out whatever they want.

Shares on average yield under 5½ per cent. That compares with around 14 per cent risk free in the short term money market.

What this boils down to is that equities could be in for a bumpy ride for the next month or two. Gilts-edged stock should be a much better bet—provided that the Government sticks firmly to its guns in the face of what could turn out to be hot opposition.

And please don't hold me personally responsible for every 20 point movement in the FT Index.

*Love,  
Richard*

premiums was held at 17½ per cent whereas under the old tax relief system it would have fallen to 15 per cent (half the new basic rate).

Lower marginal rates and higher allowances mean that those investors who suffer higher rate tax on cash-ins after four years will now have a much lower bill.

The surprise is that until now so few savers have cottoned on to the advantages of these plans. The life companies leave the marketing to the building societies. Little or no commission is paid, which means there is no incentive for brokers to sell.

But this could change and more aggressive selling could be seen in the near future.

The pattern has probably been set by Bristol and West Building Society and Equitable Life. Fortunately anticipating the Budget, they have improved their scheme to make it more attractive to older investors, by cutting to the absolute minimum the amount of death cover.

Other life companies and building societies are likely to follow this lead. And this could be building up trouble in future for the whole life insurance industry. Admittedly these building society schemes do not involve the sort of blatant gimmickry of some tax avoidance schemes. But it is abusing the purpose of tax relief on life insurance in that it should apply to 10-year contracts.

But Equitable's general manager, Barry Sherlock, takes a different view. He regards the company's link with Bristol and West in the marketing of these schemes as complimenting his range of traditional with-profits plans. They enable investors to meet commitments less than ten years ahead and provide the guarantee of a surrender basis not available under with-profit policies. The plans perform a useful role in, for instance, meeting school fees.

Take home buildings insurance. The vast majority of

## The price of truth

### INSURANCE

JOHN PHILIP

homes are built of brick or stone with tile or slate roofs and only a modicum of timber for floors, doors, roof beams and joists and so on. But some houses are wholly or substantially of timber construction while others have thatched roofs. Thatch in a Berkshire or Somerset village may be commonplace but it is a matter of common sense that houses of what insurers call non-standard construction present a fire risk greater than average, that information about that extra risk is material to insurers' assessment, and must be disclosed. For the most part, insurers' house proposal forms, however short, ask positive questions about construction, but if for some reason they do not, this kind of information is material.

In risk assessment insurers are concerned to establish an objective average normal risk (or more probably a number of averages) and then by proper evaluation of the potential the individual poses to see how far he deviates from the average. This deviation is then reflected in the premium charged and the cover provided.

Though computer analyses have allowed the development of a mass of statistics in the personal insurance sphere and while as individuals we each make our contribution to insurers' statistics, we must remain individuals, so long as we want the preservation, perhaps the elaboration, of present rating structures, so that we each pay premium appropriate to the risk.

Because we know the particular features of the risks we are asking insurers to cover, we each have the duty to tell insurers all the material facts to enable them to see whether we are close enough to their established averages to be acceptable on normal terms or if not what differences there are.

Modern proposal forms are designed to elicit information on both aspects of the risk—to get the broad picture, so as to slot the proposer into the correct rating category, and to bring out the individual variations. But it is impossible for insurers to devise forms containing completely exhaustive lists of questions, and so each one of us is legally obliged to give additional information outside of the range of answers demanded by the printed questions if this information is material to insurers' assessment of the risk.

Despite the present debate on modification of the duty of disclosure, in the present state of the law the proposer's duty remains strict, though in the case of personal insurance it is ameliorated by market practice which requires information to the best of the proposer's knowledge and belief.

Among insurers' most detailed questionnaires are motor proposal forms, but even with the private car proposal the questions are not exhaustive, relating as they do mainly to the proposer and not so much to other potential users. But physical defects affecting the driving capability of family or friends who are likely to drive are material even where no positive questions are asked. Anyone asking insurers to cover a standard production line 1200 cc saloon without giving any more detail leaves insurers to assume that they are insuring just that and nothing more. It is very material for them to know that the motorist has taken out the manufacturer's engine and replaced it with one of very different and much higher performance.

# HORROR STORY for Director/Shareholders

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Less Corporation Tax	52,000
Remainder available for distribution to you	48,000
Less Personal Tax @ 75%	30,857
Net amount available for you	£17,143

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### An interesting omission

THE MOST important message for many savers in the Budget speech was not in what Sir Geoffrey Howe said—but in what he did not say.

He made no move to tighten up the tax clawback procedures on early surrenders of endowment policies. The omission is particularly significant for savers with building society linked insurance plans. These money-spinning investments can

### SAVING

ERIC SHORT

Inland Revenue to increase the minimum period for clawback on surrenders.

Two other aspects of the Budget also boosted these schemes:

• The tax relief on insurance

### TARGET COVENANT SCHEME

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For every £200 you give,  
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All you do is invest on their behalf in a Target Unit Trust and for every £200 you give, the grandchild will receive another £85.71 from the taxman.

This money from the Inland Revenue is a refund of some of the tax you have paid on your income. To ensure that the grandchild benefits fully from the rebate you must be a taxpayer yourself and be prepared to invest for a minimum of seven years.

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The scheme is very straightforward. Monthly investments (minimum £1.50) are made by Bankers Order. So once you have set it in motion there is little more to do.

There is no maximum but if the child's income rises above £1,165 p.a. he starts to pay tax like everyone else. There is no limit to the number of grandchildren you can help or, incidentally, any other beneficiaries e.g. nephews and nieces (not your own children).

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North Sea oil is now providing an ever increasing percentage of Britain's oil requirements, and the Britannia Universal Energy Trust has over 75% of its investments in companies which have an interest in the North Sea oilfields.

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\*Source: Planed Savings magazine as at 1st June, 1979.

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In Britannia Universal Energy Trust units at a discount of 1% off the published offer price ruling on the day this application is received by the Managers up to 22nd June, 1979. The minimum initial investment in units to the value of £500 including the 1% discount. Additional unit purchases must be for not less than £5.

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# The change is as good as a rest.



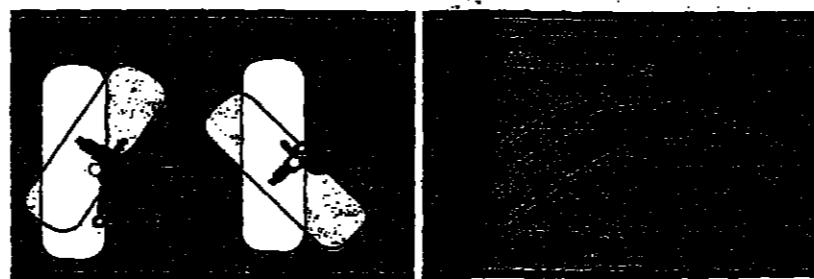
Should one drive a BMW 7 Series it will be quickly appreciated that large and luxurious cars can also be a great pleasure to drive. Luxury has not been allowed to go so far as to isolate the driver from the road. In the 7 Series refinement and performance have been delicately matched to offer the driver a rare delight. It is not for those who wish to be cocooned in soporific splendour. It is for those who demand space and refinement with character and purpose.

The discreet design of the BMW 7 Series reflects the solid quality found throughout. It is that certain kind of quality that one takes pride in. Inside there's a sense of spaciousness, and the seats and ventilation create an environment of relaxed alertness.

The 7 Series cars offer three different engine capacities - 2.8, 3.0 and 3.3 litres, the latter with fuel injection. The 'straight six' configuration has often been said to be the most refined and smooth running of engines. In the big BMWs the sophisticated design produces excellent power to litre ratios as well. This, of course, is vital for automatic transmission. However it also makes manual driving a very refreshing experience. The

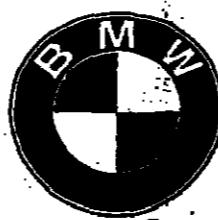
four speed gearbox is a pleasure to use and encourages a very positive and enjoyable style of driving. Whilst acceleration through the gears is extremely quick, each gear, due to the wide torque band of the engine, gives a powerful and effortless 'long-leggedness'.

The overall concept of refined driving appeal in the 7 Series is resolved in the chassis and suspension. There is no reason why a large car should not be able to have agile handling as well as



Double pivot front suspension with the small positive roll radius gives improved straight line stability at high speed.

Torque graph shows that a wide, flat band of power is available to enhance effortless driving.



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an ease of comfort. The chassis offers handling incomparable in this size of car. To this is also added BMW's speed-related power steering - as the engine speed increases power assistance diminishes so one has maximum assistance for parking, and decreasing assistance as speed increases, for greater road 'feel'.

Drive a BMW 7 Series and one realizes that it offers something unique and satisfying - luxury with complete performance. Indeed in every sense the change to a BMW 7 Series is, especially for those who have become a little weary of driving, as good as a rest.

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1978 June Rolls-Royce Silver Shadow II Saloon. Caribbean Blue, Magnolia leather. Speedometer reading 1,350 miles.

1978 May Rolls-Royce Silver Shadow II Saloon. Brewster Green, Tan leather. Speedometer reading 5,500 miles.

1976 Aug. Rolls-Royce Silver Shadow Saloon. Regency Bronze, Dark Brown leather. Speedometer reading 24,000 miles.

1976 Aug. Rolls-Royce Silver Shadow Saloon. Seychelles Blue, Beige leather. Speedometer reading 36,500 miles.

1976 Feb. Rolls-Royce Silver Shadow Saloon. Pepper, Green leather. Speedometer reading 39,500 miles.

1976 Jun. Rolls-Royce Silver Shadow Saloon. Walnut, Beige leather. Speedometer reading 41,000 miles.

1975 Feb. Rolls-Royce Silver Shadow LWB Saloon, without division. Brewster Green, Willow Gold roof, Beige leather. Speedometer reading 46,000 miles.

1973 May Rolls-Royce Silver Shadow Saloon. Black over Walnut. Black leather, electric sliding sunroof. Speedometer reading 38,600 miles.

1973 May Rolls-Royce Silver Shadow Saloon. Alpine Grey, Beige leather. Speedometer reading 66,000 miles.

1973 Feb. Rolls-Royce Corniche Convertible. Silver Chalice, Red leather. Speedometer reading 46,750 miles.

1972 June Rolls-Royce Silver Shadow Saloon. Coffee Bean Brown, Magnolia leather. Speedometer reading 23,000 miles.

1972 June Rolls-Royce Silver Shadow Saloon. Coffee Bean Brown, Magnolia leather. Speedometer reading 18,950 miles.

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1978 Jan. Rolls-Royce Silver Shadow II finished in Chestnut with Beige hide interior. 500 miles.

1978 Dec. Rolls-Royce Silver Shadow II finished in Chestnut with Beige hide interior. 900 miles.

SOLD 1978 Oct. Bentley T2 finished in Brewster Green with Beige hide interior. 5,000 miles.

1978 May Rolls-Royce Silver Shadow II finished in Peacock Blue with Magnolia hide interior and Magnolia Everflex roof. 4,000 miles.

1978 Mar. Rolls-Royce Silver Shadow II finished in Cardinal Red with Beige hide interior. 17,000 miles.

SOLD 1978 Feb. Rolls-Royce Silver Shadow II finished in Moorland Green with Magnolia hide interior. 4,500 miles.

1978 Feb. Rolls-Royce Silver Shadow II finished in Chestnut with Magnolia hide interior and Magnolia Everflex roof. 14,000 miles.

1978 Jan. Rolls-Royce Silver Shadow II finished in Cardinal Red with Beige hide interior. 1,000 miles.

1978 Jan. Rolls-Royce Silver Shadow II finished in Metallic Dark Grey with Grey hide interior. 10,000 miles.

1977 Oct. Rolls-Royce Silver Shadow II finished in Larch Green with Magnolia hide interior and Green Everflex roof. 10,000 miles.

1977 Aug. Rolls-Royce Silver Shadow II finished in Moorland Green with Green Dralon interior and Green Everflex roof. 18,000 miles.

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## MOTORING

### Japanese test of reliability

BY STUART MARSHALL

JAPANESE CARS have earned a good name for reliability. The AA has praised them for giving its members so little trouble. Dealers claim their warranty costs are to be measured in pence, not pounds. Recently, Belgium's official consumer report gave Mitsubishi cars top rating (along with Mercedes and BMW) for the lowest incidence of breakdowns.

All of which has created a myth of infallibility concerning the Japanese product. However, I have to report that the Mitsubishi Colt Sigma 2000 estate in which I have covered nearly 2,000 miles, has not been without its faults. It reached me, straight off the boat, having had only a pre-delivery inspection and with 144 miles on the clock, a little over three months ago.

For a start, there is the creak—it's a cross between the noise made by Count Dracula's coffin lid swinging open and one of those electronic tilts at the Heathrow duty free. It lives behind the fascia, eluded the local agent who carried out the 600 miles service, and plagues me daily.

A couple of bits of plastic decoration and a name badge detached themselves from the body last month and I think the radio aerial can't have been trimmed properly. Even by post-wavelength change standards, reception on Radio 3 is awful. (Can any reader get Radio 3 perfectly on medium wave in the South East, I wonder—or must one go to the expense of an FM set?)

And that is about it. Otherwise, the Colt has been everything an up-market two-litre estate should be, though I wish Mitsubishi would run to a better grade of carpet. If I had not fitted a set of Stylex plastic mats, the heel of my left shoe

...

would have rubbed a hole by just below the clutch pedal.

The Sigma is of conventional design. The engine has twin contra-rotating balancing shafts hidden away in the block and is very smooth running indeed, right up to the permitted 6,000 rpm maximum. It makes a curious grunting sound at low revs, while warming up but is so flexible that the 90 mph fourth gear can be used all the time in traffic and the overdrive fifth may be routinely engaged at 30 mph.

On a gentle journey, close to 30 miles per gallon of two star is obtainable. My 2,000 mile average of 23.5 mpg reflects a lot of short trips, many in cold weather when the automatic transmission was in action five or six times a day. The tank holds a useful 11.7 gallons and has a locking filler cover.

The driving position is excellent, with a seat that has more than enough rearward adjustment for tall people, that tilts

and reclines and has variable

steering. A typical Sigma buyer might be a business motorist who needs executive saloon comfort during the week coupled with the capability of shifting bulky loads at weekends. The interior, with its soft, cloth upholstered seats, has no "work horse" connotations at all and is really quite luxurious. Lowering the rear seat backrest (a single handed job) extends the carpeted load floor from its normal three feet one inch to five feet five inches. The spare wheel fits in a cradle underneath.

The Colt Sigma has replaced a Morris Marina 1.3 estate that served me reliably and well for nearly three years, even though it was the world's most boring car to drive. If the Colt, with its 100 mph-plus maximum, lively acceleration and splendid five-speed gearbox is as trouble-free, we shall get on well together. Providing of course, I can get rid of that maddening creak.

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## TRAVEL

# Winding down in pretty fishy Ireland

BY PAUL MARTIN

SURELY NO organisation works harder than the Irish Tourist Board, and yet the fates seem to be against them. My recent visit to the disarmingly pretty and intensely fishy town of Kinsale coincided with a petrol crisis, rapidly solved by the introduction of minimum purchases, a damaging postal strike, and problems with the telephones.

All visitors to Ireland, whether taking their own cars or hiring a self-drive, are now being issued with vouchers promising a supply of petrol at specially nominated garages throughout the country. Only experience in the next few weeks will show if the scheme works.

Although I had, on previous visits, passed through Kinsale, only 20 miles from Cork ferry-port, several times, I had never stayed there, an omission I was delighted to rectify.

Kinsale, set at the foot of gentle, green Irish hills, is in a favoured setting and well protected from the open sea. Once a major port and an important naval and military base, it has today found a new role as an excellent deep-sea angling centre.

My own past fishing had been limited to the delightful but indolent pursuit of going out for mackerel in high summer by on the try-anything-once-theory. I went out with some hardened, experienced deep-sea men who had come over on a package from Holland.

The skipper, Arthur, had spent the previous summer crewing a yacht down to the Azores and, in spite of his fairly tender years, handled the craft with expertise when it blew up to Force 5 on our return from the fishing grounds off the Old Head of Kinsale.

My Dutch colleagues with, surprisingly, very limited English between them, carried on board a wide assortment of the most up-to-date tackle. One of their number, a corpulent, bearded character, produced a massive gaff designed, I imagined, to land a blue shark. In the end we had to be content with some thirty pollack plus a couple of ling.

Strangely enough, I Murgine of the party, abandoned the use of mackerel as bait and, adding an additional weight and using only feathers, managed to land a 73-lb pollack to my own amazement and to the surprise of the experts. No monster but the day's biggest!

While Kinsale's activity holidays mainly revolve around angling, long the province of



Action at Westport sea angling festival

Peggy Green, the produce of the sea features prominently in the excellent restaurants dotted around the town and harbour.

They have also set up their own Tourist Committee and, in addition to staging their third Gourmet Festival between October 11-14, they also produce a Good Food Guide

which provides valuable information on the specialties served and the time of last orders. With no time to sample them all, I can certainly recommend The Vintage, the very attractive Max's Wine Bar

— Max being not a gentleman but a large German police dog totally obedient to a nice, trendy lady called Wendy—and The Blue Haven, where I stayed in the town centre.

The Blue Haven is a real find. It is simple and unpretentious with the most attractive bar in town where Brian Cronin and his wife, Anne, serve up tasty and imaginative bar snacks at luncheontime with a full restaurant

service in the evenings. This is Ireland and the bar closes only in the early hours when the last satisfied customers have left.

Three establishments combine deep-sea angling with quite a range of accommodation. I am quoting high season prices (July 1-September 30) and the all-in costs, covering three days' deep-sea fishing, are based on a seven-night stay.

Hillside Guest House, on a bed and full breakfast basis, charges £68.25. A seven-night stay, with full breakfast and table d'hôte dinner, works out at £129.89 at The Blue Haven while, if you want more luxury, the cost at The Monastery Hotel, set above the town and overlooking the River Bandon, is £171.50.

On a non-fishing day I drove to Courtmacsherry, a tiny little hamlet of colour-washed cottages and the delightful Courtmacsherry Hotel where fishing is again the main activity.

Dinner is served as soon as you board and early risers can enjoy an excellent breakfast. Duty-free now applies on the Irish Sea. B & W will also provide full details of their special family offers and discount excursion rates.

If you want, above all, a leisurely, putter, winding-down

holiday, adjusting to the Irish tempo, Kinsale is a very special place but do watch the waistline!

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## LEISURE

### Small but beautiful

THIS IS an age of miniaturisation from the micro chip to the mini rose and mini pinetum. All seem destined to have an effect on our lives though precisely what that may be is not yet clear. At the Chelsea Flower Show some of the best publicity was given to a new miniature rose named Esther's Baby and a suburban garden planted entirely with dwarf conifers and heathers and both created a lot of interest.

In its beautiful and extensive trial and demonstration garden at St Albans the Royal Horticultural Society has thought it worthwhile to devote a considerable section of one of its model gardens to miniature varieties and very attractive they are, especially Nozomi the miniature climber with myriads of small pink flowers which here cascades over a wall as it does down a bank beside the formal water garden in the Royal Horticultural Society's garden at Wisley in Surrey.

But are those the ways in which ordinary people are actually using miniature roses and dwarf conifers in gardens? I think not and Adrian Bloom, a leader in the popularisation of small evergreen shrubs, including conifers and heathers, seems to agree with me. It was he who made the garden of small evergreens at Chelsea, virtually a replica of an actual garden that he has designed and planted in a new estate at Diss, on the Suffolk-Norfolk border, close to his own home and nursery garden at Bressingham.

Adrian Bloom sees dwarf conifers being used to create mini pinetums — beds or even whole gardens devoted either exclusively to dwarf conifers or to these in combination with other shrubs of equally restricted size. He does not think that this is the way in which most gardeners are using them at present and that is why he made the Diss garden and the Chelsea exhibit and has written a book shortly to be published, on the subject of the mini pinetum. He argues convincingly that these small shrubs are so immensely varied in shape, colour and texture, so beautiful in winter as well as in summer since most are evergreen, and so little trouble since they suffer from few pests or diseases and require no pruning and little maintenance except to keep clear of weeds, that they are the ideal solution to the householders' gardening problem.

Probably a similar fate awaits a great many of the dwarf conifers which are now displayed so enticingly in garden centres and also in many of the small selling areas which are becoming such a profitable

feature of many gardens that open to the public. Certainly the total sales are increasing astronomically. In one wholesale nursery in South Devon where annual production is now running at about 400,000. I was told recently that there was no need to advertise or even run a stall, since buyers were ready to send their own lorries to collect from as far afield as the Midlands, where dwarf conifers appear to be especially popular.

Much the same applies to miniature roses which cost about the same as ordinary roses but cover far less ground so that it is twice the number of plants are required for a bed of comparable size. Yet there is no doubt that they are most effective when massed to form a carpet or continuous ribbon of growth, maybe a bed entirely on their own or an edging to a bed filled with roses of normal size. I think that before this becomes general practice some method will have to be found of propagating miniatures more cheaply. At present most appear to be grafted, a slow, skilled and expensive process usually done in a greenhouse. The ideal might be to have strains of miniature rose that could be raised reasonably true to type from seed like the old Lawrenceana or fairy rose from which the modern miniatures have been developed. But that seems a long way off and a more practical solution might be some form of meristem propagation, micro-cuttings which are another modern development in miniaturisation.

How most buyers actually use dwarf conifers and miniature roses is an interesting question to which no one seems able to give any very positive answer. Some experts believe that a great many of the miniature roses, which are usually purchased as pot plants, are grown in the same way and are either stood out in the garden on terraces and in patios or are grown on sunny window ledges. Some, no doubt, are used in window boxes and other plant containers and some, I know, are also planted in rock gardens where they can look charming though it is all against conventional ideas that rock gardens are for rock plants. Probably many are purchased on impulse without any clear idea of what will be done with them and get dotted about in the garden wherever there is space to be filled.

Probably a similar fate awaits a great many of the dwarf conifers which are now displayed so enticingly in garden centres and also in many of the small selling areas which are becoming such a profitable

Any thoughts that mid-June might be the right time to look at leisure wear have been dispelled by the weather. But what is bad news for the T-shirt makers is welcome riding for the mack-men. This classic good-looking Aquascutum trench coat (the Kingsway) costs around £15 and, sadly enough, may prove just the thing for Wimbledon. There are other similar styles in various materials from £98.

### A tale of a tree

#### GOLF

BEN WRIGHT

THE MOST bizarre incident occurred here at the Inverness Club yesterday in the first round of the 79th U.S. Open Championship. Lon Hinkle, who was to finish the day as one of the five joint leaders on one under par 70, and his playing partner Chi Chi Rodriguez, discovered a flaw in the defences of the U.S. Golf Association, who prepare their golf courses for the event with such meticulous care to avoid just such weaknesses.

Hinkle and Rodriguez were on the tee of the 528 yards 8th hole, one of the four new ones that were constructed specifically to toughen up this old and revered Donald Ross-designed layout when they discovered a gap in the trees that enabled them to play down the 17th fairway in the face of those coming down that hole. This meant that instead of playing the hole as a dog leg par 5 to the left, they straightened it out the hole, shortening it by some 70 yards, and thus effectively making it a par 4. Hinkle used a one iron from the tee and found the green with his two iron over trees and bunkers for a birdie that set the fashion for several others.

USGA officials were incensed, and last night they convened a Press conference to announce that a 25 foot tall Black Hills spruce tree would be planted in the gap at 5:30 am this morning to cut out what they rather foolishly regarded as skulduggery. In the opinion of officials the action of Hinkle and company was against the spirit of the game.

My own opinion officials have reacted in a totally hysterical manner, and by planting their fancy tree are acting against the spirit of the game themselves in altering the golf course after the first round of the championship. The futility of it all was borne out in the early stages of the second round which started at 7:15 am this morning when Joe Kunes, who has no hope at all of making the cut after 36 holes, played to the 17th fairway around the controversial tree, which I have just been told has already developed a pronounced list to starboard. The other sensation of the morning was Tom Watson, the hot favourite for the championship, who slumped over the closing holes yesterday to a score of 75 by dropping shots to par at three of the last five holes, has made a totally disastrous start to his second round, and will have to fight very hard to stay in the championship.

Watson drove in the right of the fairway at the 398 yards first hole and found his ball up against the trunk of a small

maple tree. He played a masterly recovery to the middle of the fairway, but then played a very poor pitch that came up short in the collar of rough in front of the green. Watson fluffed his chip, and then took three putts up hill from 20 feet, going far past the hole with the first of the three, to card a three over par 7. He is now seven over par after three holes and plainly struggling for his life.

Of the five — over night leaders — besides Hinkle they were Andy Bean, Lou Graham, Tom Purtzer and Keith Fergus. Only Purtzer is yet on the golf course, and he has returned to level par for the championship with an outward half of 36, one over par for the

distance. Of the seven men who finished yesterday at level par both Tom Weiskopf and Bill Rogers are already well into their second rounds. Weiskopf is at last playing ominously well, and is level with par after five holes, while Rogers has reached the eleventh hole, and is now one over par for the championship.

The tree incident, however, is very much the talk of the town. No one can remember an

incident quite like it, although in 1965 before the U.S. PGA championship at Laurel Valley a tree was planted to block a gap in the defences before the championship started. In 1954 at Baltusrol the eventual U.S. Open winner Ed Furgol hooked his drive at the final hole from the club's lower course on which the event was being played onto an adjacent hole on the upper course, and played down that hole to make his par 5 to ensure victory much to the chagrin of the helpless officials, who had failed to nominate the upper course out of bounds.

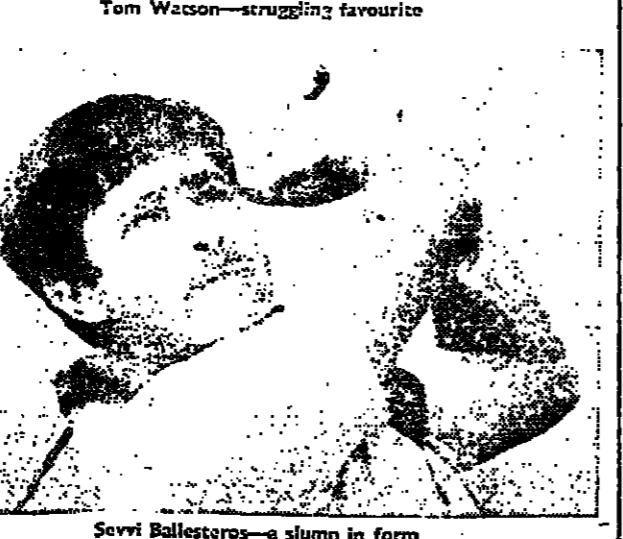
To give you a clear idea of the advantage Hinkle gained yesterday by his astute move, Andy Bean, who hits the ball as far as far, played the hole — the 8th — in the conventional manner with his driver and three wood, and was unable to reach the green. As I speak Watson has dropped an other shot to par at the fourth hole to go eight over par, and his chances appear to be fading fast. It has just been announced that there will be yet another press conference about that accursed tree which has been renamed "Packer-less."

The first Prudential World Cup proved an enormous success with wonderful weather and a magnificent climax late in the evening at Lords in 1975 when the West Indies beat Australia in a memorable match highlighting all the best features of limited overs cricket. This was a sharp contrast to many of the Prudential one-day internationals between England and the tourists. These began in 1972 and were often treated rather lightly by the visitors, as the fight for the Ashes, or the rubber was over. Although staging these internationals before the Tests commence have been an improvement the tourists are still largely using them as practice for the main events. Their real value lies in the extra money they bring to both the players and the game and the publicity they provide for the Prudential Insurance Co.

Their sponsorships have also assisted in broadening their overall image. Many of the general public, even today, still tend to think of them in terms of the little man from the Pru in bowler hat, dark suit and cycle clips, who calls at working-class houses each week to collect a few bob. Fortified by a cup of tea, he was also prepared to listen and then adopt the role of friend, priest or psychiatrist. It was he and all those

many other salesmen who combined selling insurance with providing advice who built the Prudential, but since the war it has expanded enormously. It is now a large multi-national concern and the World Cup fits in with these developments as they have considerable interests in Australia, New Zealand and Canada who will all be playing cricket today.

Watson drove in the right of the fairway at the 398 yards first hole and found his ball up against the trunk of a small



Tom Watson—struggling favourite

#### GARDENING

ARTHUR HELLYER

blems. What he does not mention so frequently is that it takes a lot of plants to form, even a small mini pinetum and that, with prices averaging around £1.50 apiece, that can mean quite a big outlay.

Much the same applies to miniature roses which cost about the same as ordinary roses but cover far less ground so that twice the number of plants are required for a bed of comparable size. Yet there is no doubt that they are most effective when massed to form a carpet or continuous ribbon of growth, maybe a bed entirely on their own or an edging to a bed filled with roses of normal size. I think that before this becomes general practice some method will have to be found of propagating miniatures more cheaply. At present most appear to be grafted, a slow, skilled and expensive process usually done in a greenhouse. The ideal might be to have strains of miniature rose that could be raised reasonably true to type from seed like the old Lawrenceana or fairy rose from which the modern miniatures have been developed. But that seems a long way off and a more practical solution might be some form of meristem propagation, micro-cuttings which are another modern development in miniaturisation.

How most buyers actually use dwarf conifers and miniature roses is an interesting question to which no one seems able to give any very positive answer. Some experts believe that a great many of the miniature roses, which are usually purchased as pot plants, are grown in the same way and are either stood out in the garden on terraces and in patios or are grown on sunny window ledges. Some, no doubt, are used in window boxes and other plant containers and some, I know, are also planted in rock gardens where they can look charming though it is all against conventional ideas that rock gardens are for rock plants. Probably many are purchased on impulse without any clear idea of what will be done with them and get dotted about in the garden wherever there is space to be filled.

Probably a similar fate awaits a great many of the dwarf conifers which are now displayed so enticingly in garden centres and also in many of the small selling areas which are becoming such a profitable

### A dirty weekend

#### FASHION

ARTHUR SANDLES

IT WAS after reading several pages of Mr. Edward Heath's book on travelling that I began to realise that nothing socially disastrous ever seemed to happen to the man. He must lead a charmed life. For me and I suspect for most of the human race, disaster stalks at every turn. Take last weekend as an example.

The variety available is quite bewildering. From a garden standpoint there are really two major groups, the genuine miniatures many of which have originated as "witch's brooms" on normal trees and those that are simply slow growing variants or forms with a restrictive habit such as the numerous narrowly columnar, horizontally branched or weeping varieties.

Usually retailers make little or no distinction between the two probably more from ignorance than with any intention to deceive. Yet it is important to know which is which for the slow growers may eventually become large whereas the genuine miniatures never progress beyond a metre or thereabouts and some may reach far less. It does not matter including the slow growers with the genuine dwarfs if one is prepared to throw them out as soon as they grow out of scale, which is likely to be something like 10 to 15 years. Really by that time any plant should have paid for itself many times over in pleasures given and the notion of expendability should be applied to many plants at present regarded as permanent garden residents.

In a mini pinetum or among rock plants with which these small evergreens associate well, it is possible to have representatives of all the great coniferous families. There can be dwarf pines, firs, spruces, junipers, cypresses and yews, thujae, western hemlocks, and even Wellingtonia normally regarded as the outsize giants of the tree world. There is also great variation in leaf colour, greens of all kinds, yellows and even coppery shades. Some, such as the ground-hugging Juniperus horizontalis, are completely prostrate, others, such as Juniperus communis compressa, make tiny columns, and yet others, such as Chamaecyparis pisifera filifera aurea, are weeping, this one making a dome-shaped bush of cascading golden, whip-like growth. It also illustrates my point about true dwarfs and slow growers for it belongs to the latter group and I know specimens at least four metres high. They were probably planted 60 or 70 years ago.

Any thoughts that mid-June might be the right time to look at leisure wear have been dispelled by the weather. But what is bad news for the T-shirt makers is welcome riding for the mack-men. This classic good-looking Aquascutum trench coat (the Kingsway) costs around £15 and, sadly enough, may prove just the thing for Wimbledon. There are other similar styles in various materials from £98.

But when your hosts at their own table serve you with rock hard avocado when everyone else around appears to have the soft, squelchy kind which can easily be devoured with gusto and style?

So there I was with this avocado, sitting there and glaring back with its rock hard flesh defying any form of attack. Struggling to keep up with the social niceties of first course conversation I sat at the green monster with a spoon. It leapt nearly into the air, bringing the chatter to an abrupt halt with a shower of vinaigrette sauce, most of which landed on my grey flannel suit.

The good thing about that is that the stain, for once, came out. The estimable Messrs. Goddards make an excellent spray-on stain remover which works superbly well on vinaigrette. From past experience I should add that it does pretty well on sweet and sour sauce, and is not at all bad on spaghetti bolognese. It is less satisfactory in dealing with ink, either the ball point or printers' variety. For those difficulties I have a friendly local family owned dry cleaner who has come to regard my problems as a challenge-work to be done for pride rather than profit.

Cleaning is something close to my heart at the moment for, as rumours of spring approach (my tomatoes and I eagerly await its first dawning), so my wardrobe is being re-examined. High on the disposal list is a collection of ties, most of them monuments to bad taste and all of them little museums of meals past. How others get their food from their plates to their mouths without losing the odd tell-tale spot on to their ties I do not know.

But replacement ties today are a crippling expense. A well-made silk tie—one that is going to survive regular visits to any dry cleaner willing to take it—is likely to cost upwards of £5. Dry cleaning at Jeeves of Belgravia costs £1.30 per tie, while Sketchley branches that handle ties, and not many do, charge 50p. My own collection went with various other items into a do-it-yourself dry cleaning drum (£1.10 for 8 lbs of clothes) and half of them survived.

The reason for this examination of the stock is that they have changed considerably in style in recent months. Today's man is wearing a tie that is unlikely to be much more than 3 ins. in width (8 cms seems to be the classic standard now), and it is a long time since ties

were that narrow. The width, however, is more constant between knot and tip than it was a few years ago, so digging out that old school tie simply does not fit the bill.

As ties have changed, so have shirt collars of some import since this is the time of year when we ought to be discarding our jackets, even if the weather of late has hardly favoured such activities.

Shirt collars have, of course, shortened, but much more has happened than that. Shirts are much less snug fitting at the moment, and far more attention is given to detail than has been the case recently. There are more but-

tons, tabs, pockets and even epaulettes than was on any shirt you might have bought a year ago. Fabrics and colours are soft, with white making something of a comeback for the summer.

If you are tempted either by a last-minute VAT rush, or by summer sales, to dash out and buy, beware of shops which are trying desperately to offload old stock. Most stores are having such a disastrous season at the moment that there is plenty of stock of the newer lines to buy without being loaded down with last year's long-collared shirts or kipper ties.

TONS, TABS, POCKETS AND EVEN EPAULETTES THAT WAS ON ANY SHIRT YOU MIGHT HAVE BOUGHT A YEAR AGO. FABRICS AND COLOURS ARE SOFT, WITH WHITE MAKING SOMETHING OF A COMEBACK FOR THE SUMMER.

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## HOW TO SPEND IT

by Lucia van der Post

## There's more to chimneys than meets the eye



If you wanted a new chimney, or indeed your first chimney supposing your house, like many new ones, didn't have one, would you know how to set about choosing one? The chances are that you'd do what most people do which is to go to your local builders' merchant. Most builders' merchants, however, carry only a small range of chimneys, are not experts in the subject and would be unlikely to be well-acquainted with the finer nuances of chimney behaviour in all relevant circumstances.

What you really need is a chimney expert, somebody who is absolutely au fait with all the models on the market, is able to determine which product would be best

for your particular house, fuel and situation. This sounds sensible and obvious but the difficulty is that until fairly recently there haven't been any such specialists and even now I only know of one. The Chimney Specialists of Jubilee Works, Chilton Industrial Estate, Sudbury, Suffolk (tel. Sudbury 55600).

The Chimney Specialists are well known in East Anglia where they have quietly been building up their business to the point where they are able to expand and offer a nationwide service.

Neill Fry, whose business and passion this is, clearly loves chimneys but equally he is deadly serious about how important they are. When I think of

chimneys I think of all those lovely clay pots one sees against a country skyline. When Neill Fry talks of chimneys he's talking of the bits that really matter—the innards which are really what counts.

The wrong chimneys can be dangerous—the sad stories that appear throughout the winter of people mysteriously being suffocated by fires inexplicably happening are often the result of ill-chosen chimneys. Materials which suit one fuel will not suit another and without proper knowledge many people opt for the wrong one. For example, flexible flue liners in old stoves were meant for gas and oil only. What suits an open fire will not necessarily suit a closed combustion stove.

Neill Fry could be said to have started one of the oddest mail order companies on record for he has devised a method of advising on and selling chimneys by post. After years of experience, of analysing the essentials, he has worked out a way in which he can "diagnose" the correct solution from measurements and to this end he has produced a form which potential chimney buyers should fill in—this gives him all the relevant information he needs.

He maintains that most people can fill in the form themselves (measurements of rooms and other details are required), and indeed, now that chimneys are mainly prefabricated and sectionalised, most averagely competent do-it-yourselfers

ought to be able to instal them. However, people who feel they can't do this, or don't want to be bothered, can call in a local builder and get him to fill in the form and then do the installation.

Costs are almost impossible to give as each and every case is different; they range from about £105 for a chimney on the outside of a bungalow to £500 for a complete installation and a good modern fireplace inside the house as well.

The choice of chimney seems particularly relevant now in the face of rising oil prices and the trend towards wood-burning appliances. It still seems amazing, given that most of us do feel that there's nothing quite like an open-fire, that one in six

newly-built houses are constructed without a chimney. Neill Fry reports that much of his work on the domestic front is concerned with putting in chimneys and fireplaces for houses that don't have them.

The other large section of his work is in putting right chimneys that have deteriorated—chimneys are liable to corrode and don't last forever. He pleads with people who have a chimney problem to get it sorted out now—most people only tend to think of these things in the winter with the result that he, along with almost the entire heating business, gets 68 per cent of his customers clamouring for help and service in three months of the year. So if help with your chimney is what you need—try and get it now.

## BUDGET BUYS AND BUDGET BUYING . . . VAT

MOST OF the big stores report that the reaction of many people to the Budget has been to rush, lemming-like, to the shops and buy something—anything—in the certain knowledge that its price was bound to rise. The trouble is that some prices are going to rise more than others and judging by the pattern of spending reported by the stores, few of the buyers seem to be very discriminating. Most of the big money has been spent on electrical goods and hi-fi equipment in the last few days but those are precisely the items which already have a 12½ per cent VAT rate and which will, therefore, only go up by 2½ per cent on Monday.

If you're bound on a last-minute beat the VAT man spree today it seems only sensible to look at the areas where the in-

creases are going to be the greatest—always supposing you really need whatever it is in the first place. Many of us haven't been too aware of what was rated at 8 per cent and what at 12½ per cent but the most obvious savings to be made will be in those goods that are currently VAT-rated at 8 per cent but will go up to 15 per cent on Monday.

It appears that not all stores will be raising the price of goods in the 12½ per cent bracket for the time being, presumably to allow the present stock to be sold at current rates. Harrods in particular tells us that things like radios, TV, audio equipment, fridges, freezers, washing-machines, small electrical goods, real jewellery, furs, sewing machines, cameras, binoculars

and projectors, all of which are VAT rated at 12½ per cent, will be kept at current prices for the moment.

In the furniture department, though, it is a different story—VAT will be raised from 8 per cent to 15 per cent immediately and a luxury double pocket-sprung bed which will cost you £278 on Saturday will be re-ticketed at £615 on Monday. At Heal's they tell us that a basic suite of furniture of a good make like Colis and Hayes which sells for about £694 today will be £744.40 on Monday.

China and glass, too, are things to buy if you need them. A Wedgwood 35-piece service which is ticketed at £391.60 today goes up to £417, while a Villeroy and Bosch dinner service goes from £109.80 to £133.14.

mixes doughs and pastries rather more gently than does the metal blade.

The Maxima also slices or grates either finely or coarsely (my processor just slices in a fixed position) and, wonderful for families with children, has an amazing attachment which can deliver chips at the rate of 1 lb in eight seconds.

On the plus side it has a choice of two blades—plastic or metal; the advantage of the additional plastic one is that it

has the extreme simplicity, nor is it quite as neat looking or as easy to house as my own food processor, the Robot-chef.

It is on sale in most good kitchen stores and electrical departments now and you should shop around as prices range between £44.95 and £62.95. Its top price will go up to £64.35 on Monday, but you should still find it at much lower prices.

## gadgets

I'M not terribly gadget-minded in the kitchen, preferring a look that tends rather more towards the farmhouse than the laboratory. However, I'm gradually giving ground to a few vital pieces of equipment. I'm already devoted to my own particular food processor (about which I wrote over a year ago

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## dishwashers

CYNTHIA COYNE one of the directors of the company Buyers and Sellers (of which I have written before), has a theory that one of the reasons why 3 per cent of British households own a dishwasher is that they are so expensive—(even in discount houses most of them are over £200).

In order to test her theory, Cynthia Coyne proposes to hold for ONE DAY ONLY an experimental sale. Next Saturday, on June 23, she will sell the Candy fully-automatic Dishwasher, model 290 at the manufacturer's price to her of £140.95, thus making no profit herself whatsoever. This particular model normally sells at Buyers and Sellers for £171.05 while the recommended retail price is £216.

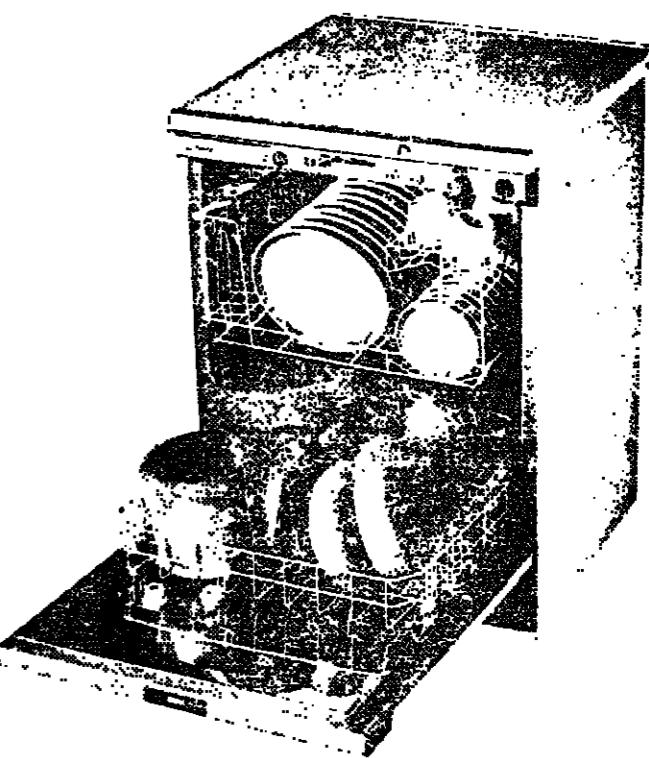
Buyers and Sellers is to be found at 120-122, Ladbrooke Grove, London W10 (01-229 1947) and 72, Uxbridge Road, London W12 (01-743 4049) and specialises in selling white-goods at very reduced prices—everything they sell is perfect mechanically and has all the

usual guarantees but prices are reduced because there may be scratches on the cabinets, or they may have been bought at special prices from the manufacturers. Similarly, this Candy machine is likely to have slight scratches on the cabinet but it will be mechanically perfect and all the usual servicing agreements and guarantees will apply. It measures 85 cm high x 60 cm wide x 60 cm deep.

The machine itself takes 12 international place settings, has seven automatic programmes and may be plumbed into the hot or cold water systems. It is said to be very quiet because it is lined with sound absorbing panels.

If you want to take advantage of Buyers and Sellers' special offer remember that this applies only to Saturday, June 23 when both shops will be open from 9.00 am to 5.00 pm (usual opening is Monday to Friday, 9.00 am to 5.00 pm except for Thursdays 9.00 am to 12.00).

Delivery in the London area is £2 extra; outside London it will cost more.



## furniture

ANYBODY who knows anything about the way furniture is sold is always appalled at the mark-ups. It is usual to double the wholesale price to reach the retail price, which in practice means that one half of the price you, the customer, pays covers design, research, manufacturing, materials and transport while the other half covers the stores' costs.

I daresay a storm of protest will fall upon my head from outraged retailers but most of us feel that this can't be right—retailing is obviously a vital service and to do it well costs money but it seems on the face of it inequitable that the reward for a more passive role should be equal to that of the manufacturer.

In addition most of us nurture a feeling that if only the retailer put on a lower mark-up he would turn his goods over faster, thus generating a more lively atmosphere in the shop and pleasing more of the people more of the time.

Several shops have tried this policy from time to time but tend to founder under the sort of pressure which persuades a store to sell at a price that is not too dissimilar from his neighbours'.

So a store that is brave enough to stand by its intentions to put on low mark-ups and thus hope fully to sell more and make up



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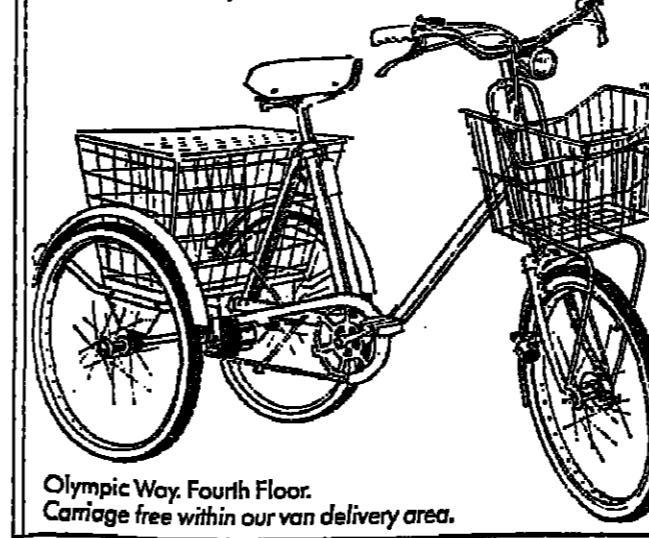
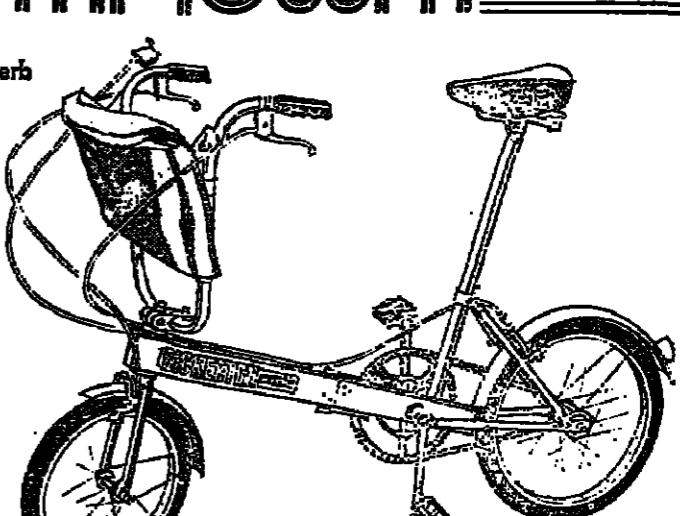
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## PROPERTY

# When a garden is an estate agent's joy

BY JUNE FIELD

"TO OWN a bit of ground, to scratch it with a hoe, to plant seeds, and watch their renewal in life—this is the commonest delight of the race, the most satisfactory thing a man can do," wrote Charles Dudley Warner in *My Summer in a Garden*, 1871.

While one may not necessarily buy a house only for its garden, in this, the year that we are celebrating one thousand years of British Gardening at the splendid exhibition *The Garden* at the Victoria and Albert Museum until August 26, a pretty, cared for landscape could well be a plus on an estate agent's particulars. Always bearing in mind that Mr. Warner also warned that "what a man needs in gardening is a cast-iron back, with a hinge in it."

In Georgian and Victorian times there was considerable co-operation between architect and gardener. "Capability" Brown (1716-1783) worked with Henry Holland, master builder and architect, the prolific Humphrey Repton (1752-1818) in less than 30 years he worked on 220 places spread over the British Isles—was closely associated with the Wyatts before going into partnership with John Nash, and Gertrude Jekyll (1843-1932) worked with Edwin Lutyens for over 40 years. A Lutyens garden became a part of the English way of life.

The gardens were laid out by Gertrude Jekyll, and include a formal rose garden with flagged walks, shaped yew hedging and various herbaceous borders. The house was divided about 20 years ago, and John D. Wood, 11, Market Square, Horsham, and Whiteheads of Pulborough, were asking around £80,000 for the major portion of the house, £20,000 and £25,000 respectively for two flats, and £12,000 for what is described as the "Coal House," a single-storey dwelling off the courtyard made into 1+1-B+E-R, which I am sure must be sold by now, as considerable interest was being shown in the whole property.

The Sackville grounds of Gorehill House, between Fittleworth and Petworth, beautifully landscaped and stocked with specimen trees and shrubs, are open to the public in the summer under the National Gardens Scheme. You can drive up to the property along a sweeping drive banked with rhododendrons. Designed by Norman Shaw, 1871-2, for Henry Upton, steward of the Leaconfield Estate, it has been described as "a medium-sized house with some limp exterior detail but good interior features, notable joinery."

The quality of the carpentry is revealed in the library, which is half-panelled in pine with moulded borders and built-in adjustable bookcases and cupboards. There are five bedrooms, four bathrooms, and a four-roomed top-floor flat, plus a kitchen garden, five stables, and two paddocks, and the agents, Knight Frank and Rutley, who are offering the property on behalf of Lady Fry, widow of Sir Leslie Fry, Britain's former Ambassador to Indonesia and Brazil, are expecting in the region of £200,000.

Messenger May and Baverstock have three houses on offer near Guildford, all with particularly pretty gardens. The five-bedroomed Silver Ley, Malpas Farm, Oak Grange Road, West Chiltington, was built in 1937 by a builder for his own occupation. Flowering cherry, silver birch, box hedges and a profusion of rose bushes cover the garden which includes 12 fruit trees, a vegetable section, and two greenhouses. Offers 25 miles from Harwich with its

pasture, which are expected to fetch in the region of £220,000 or more. Inquiries Robert Anderson, John German Ralph Pay, Rotunda, 131 High Street, Burton-on-Trent, or Charles Bailey, John German Ralph Pay, 127 Mount Street, W.I.



Edmonton Manor, near Brailsford, Derbyshire, is being sold by the executors of the late S.D. Player, whose family originally commissioned Edwin Lutyens to design the house in 1913. There are 9 bedrooms and 5 bathrooms, plus 50 acres of parkland and pasture, which are expected to fetch in the region of £220,000 or more. Inquiries Robert Anderson, John German Ralph Pay, Rotunda, 131 High Street, Burton-on-Trent, or Charles Bailey, John German Ralph Pay, 127 Mount Street, W.I.

easy access to the Continent, is a pretty three-bedroomed, two-bathroomed house with equally pretty garden which was featured in *Maurice All's The Gardens of East Anglia*. The sea is about four miles away, and there is sailing at West Mersea.

Lord's Hill Cottage, Shambly Green, built in the 17th century, has five bedrooms and two bathrooms, plus 1-acre gardens with a large pond which has been the home of the owner's collection of rare ducks. The vendors have invited around £25,000. In the same village is Pendrys, a six-bedroomed, two-bathroomed house with a picture-book garden of fish-pond bordered by rhododendrons and azaleas, plus a greenhouse, summerhouse, and a 24-acre paddock. Offers over £90,000.

Lord's Hill Cottage, Shambly Green, built in the 17th century, has five bedrooms and two bathrooms, plus 1-acre gardens with a picture-book garden of fish-pond bordered by rhododendrons and azaleas, plus a greenhouse, summerhouse, and a 24-acre paddock. Offers over £90,000.

Also in Shambly Green is a superbly appointed 15th century manor house with galleried hall, five living rooms, six bedrooms, seven bathrooms and Swedish sauna, all securely tucked away in 20 acres adjoining 350 acres of National Park. The agents, Harrow and Partners, 30a Sackville Street, London, W.1. (Illustrated brochure from them only if you are in the £50,000 bracket), told me that the spectacular grounds, which include a water garden, potting shed, four paddocks, two boxes, tack room, staff quarters and helipad, are planted with specimen trees and shrubs, and a profusion of rose bushes cover the garden which includes 12 fruit trees, a vegetable section, and two greenhouses. Offers 25 miles from Colchester, Essex, with Langham, all in the Shire Publications Lifeline series.

For your reading there is Anthony Hussey's *An Illustrated History of Gardening* (Paddington Press, 1978). Miles Hadfield's *A History of British Gardening* (Victoria and Albert Museum for The Garden Exhibition (Orion Books in association with Edgeworth Press). All are concerned with houses and gardens rather than the mechanics of gardening, as are Joan Clifford's *Capability Brown*, Guy N. Sareck's *Humphrey Repton*, and *Gertrude Jekyll* by Betty Massingham, all in the Shire Publications Lifeline series.

## Farewell to the Premium

THE VIRTUAL abolition of the investment currency premium—the "dollar premium" as it is still popularly known—will make two main changes in the overseas property market for British citizens. Obviously it will make it easier and cheaper to buy but it could also make it more risky.

In one way the premium made people more cautious—at least the punters who were doing their purchase in the officially approved way. The very fact that they had to obtain Bank of England permission for the transaction and had to buy investment currency made them more cautious in the dealings they had with others such as estate agents, solicitors, etc.

Of course this did not deter the cowboys who were determined to beat the system and would carry abroad a suitcase

of dirty fivers or put themselves into the hands of an agent who promised that no premium would be necessary. Indeed there was a famous case four years ago when no less than 20 punters were caught by a crooked agent. But who could they complain to? The Spanish police were simply not interested and to complain in Britain would have attracted the displeasure of the police and of H.M. Treasury. And the fine could be hefty.

The danger now is that without controls people will be tempted to put a deposit on the first thing they see thinking that it is a freer and more open market. But the cry has already gone out: "Beware the bandits." The unscrupulous operators will still be around and there is a need for caution even more than before.

The obvious reaction is that prices must jump up since the

premium—recently standing at just over 20 per cent—has been removed. But this is most unlikely. The British form only a small percentage of those buying overseas and prices are hardly likely to reflect the recent good fortune of one minority.

When I said virtual elimination that was because the upper limit is now £100,000 and very few buyers get near that. The most popular bracket is around £20,000. The raising of the limit on the amount of money on emigration one is allowed to take out of the country to £200,000 will, of course, encourage more buyers.

Agents already report that there has been a flood of enquiries with Spain, France and Portugal at the top of the list. Even the Bahamas looks ready for a mini-boom.

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## ARTS

**Deuce take it!**

**Tom Stoppard had to do a certain amount of rewriting on *Professional Foul* for its first radio production (Radio 4 UK June 11) earlier this week. Those opening shots of the British philosophers in mid-fight on the way to the conference in Prague, finishing their aéoplane meal, needed some more dialogue on sound only but apart from a few details of that kind, we heard the same text that was used for the original television production in 1977. And, happily, it had the same principals, Peter Barkworth and John Shrapnel, for the itinerant, logic-chopping pair of dons. This was a Good Service production (what good things they do on that channel), directed by Gordon House.**

**RADIO**  
ANTHONY CURTIS

**made me think that this neat piece of satire must be one of the most durable of Stoppard's works.**

**He has given us a philosopher before in *Jumpers*, and pointed out the discrepancies between what he says and what he does, but here the setting of an international congress with the English footballers staying in the same hotel as the dons, provides him with a succession of political and social targets at which to aim his rapid, accurate rat-rat-tat of verbal bullets.**

**I could have done with a more distinctly Czech tone in the accents of some of the local characters to make me feel I really was in Prague falling foul of the security police, and not in a studio in Portland Place, but otherwise it came over unerringly.**

**You could certainly not fault Mr. Barkworth's depiction of the high-calibre academic who greets every fresh event with fastidious, analytical distaste. This time events, in the form of flagrant injustice to a former pupil now working as a lavatory-cleaner (Nigel Anthony), catch upon him so fast that he is forced to move for once from the world of philosophical speculation to the realm of positive action. As the congress gets under way and we hear the paper read by a zealous American colleague, philosophy comes to seem a greater and greater irrelevance to what is actually happening and the leisurely conference ritual a mockery when contrasted with**

**the dialogue fraught with danger in the hotel room and the wanted man's apartment.**

**Stoppard is a specialist in the internecine rivalries which afflict professional groups and in Barkworth and Shrapnel he had two perfectly matched combatants.**

**That wide-ranging literary critic, Sir Victor Pritchett, has for some years been urging us all to read Meredith, and the urging has, I suspect, largely gone unheeded. There is the opportunity to get on terms with Meredith in small, comparatively painless doses in the current Sunday night drama serial on Radio 4 UK. I recommend D. G. Bridson's adaptation of *The Adventures of Harry Richmond*, directed by John Cardy, especially now it no longer clashes with *Crime and Punishment*. The story so far is that young Harry, brought up by his irascible grandfather at Riversley Grange in Hampshire, has just come into a considerable fortune on reaching the age of 21 and has started on the Grand Tour chaperoned by a bookish cleric called Peterborough.**

**The journey exposes Harry to the influence of his reprobate father Richmond Roy who diverts the party to Ostend and its casino. Will the fiddly Harry be inveigled into bad spendthrift habits by his papa? I suggest you listen to James Aubrey as Harry, and Anthony Newlands as his dad, fighting it out this weekend. The only trouble is that although Meredith had a fine feeling for the big dramatic coup—the novel opens with a marvellous midnight attempt by the prodigal father to abduct his infant son—he took his time leading up to the theatrical moments. Here he fills in with a direct address to the reader by the hero and Mr. Bridson has not always been able to digest these confessional chunks. Otherwise full marks.**

**We shall soon be getting that startling annual proof of radio's ability to turn an event for the eye into a happening for the ear: I refer to the ball-by-ball commentary on radio from Wimbledon, a feat of artistry and an epicurean. Peter Gottlieb returns to the role of the officious barbers Scheidebart, who manipulates the action of the piece. He is as assured and stylish as ever, but this time he is more strongly supported.**

**The central figure of Morosus, the retired admiral who cannot endure noise and lives, surrounded by naval trophies, in a padded attic near St Paul's, is taken this time by Marcus Kintzler, excellent singer with a voice like old Madeira, resourceful character actor with**



Kristina Laki and Markus Rintala

**The Silent Woman**

**Die Schneidersfrau returns to Glyndebourne two years after the first performance there of the production by John Cox in designs by Michael Annals. Once again Andrew Davis conducts the London Philharmonic. He and they are even more successful than before in containing the bustling activity of late Strauss within tolerable limits without letting the surface go dull or obscuring too many of the German words. The horn playing was an especial delight—Strauss writes for the instrument like an epicurean. Peter Gottlieb returns to the role of the officious barber Scheidebart, who manipulates the action of the piece. He is as assured and stylish as ever, but this time he is more strongly supported.**

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**Morosus is a big role but not an easy one.**

**The mock-wife Timidia (really Aminta, married to the admiral's long-lost nephew and heir, Henry) is another improvement. Kristina Laki had not quite settled down on Thursday, but her best singing was a clear and pure as crystal. She looked charming, with a regretful air that betrayed how little Aminta relished deceiving the old man—in fact, the streak of sentimentality in the libretto makes the whole thing more unpleasant than a hard-faced, artificial romp of the conventional type. Jerome Prueett as nephew Henry had some telling phrases and some that went thin and dry. The travelling opera troupe of whom Henry and Aminta are members were led with majestic gusto by Joseph Rouleau—his first but surely not last appearance at Glyndebourne. The other summers rampage about with results entertaining or dispiriting according to one's tolerance of strolling players. Mr.**

**Cox directs their antics, mock-marriage, mock-trial and all, with tact as well as skill.**

**Though it still seems that subject and libretto as well as a good deal of the score will prevent *Die Schneidersfrau* from rivalling *Intermezzo* or *Capriccio* in our affections, much of the music comes up better a second time. There are cheap passages (like the opening of act 2) and racketty ones, but also precious stones of vocal and instrumental writing like the scene of the three prospective "brides" leading to the false Timidia's demure solo with con angials; the nocturnal duet for the young marrades turned into a trio by the off-stage snores of Uncle Morosus; the straussian euphonious passages where the admiral sings the praises of silence and domestic peace. And the two ensembles for the comedians, already mentioned, though they hold up the action, could only have been fashioned by a master.**

**RONALD CRICHTON**

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**RONALD CRICHTON**

**The Red Line from Finland**

**Such was the acclaim that greeted Aulis Sallinen's *The Red Line* at its Helsinki premiere six months ago that the Finnish National Opera was persuaded to bring it to London. It had—sadly, it once performed at Sadler's Wells on Friday, July 14, because it is an opera of great consistency and effectiveness, and the plain strength of Kalle Holmberg's production was answered by a splendid cast. Max Loppert reported the first performances very fully on this page in December. We had again the fiery Jorma Hynninen as the crofter hero, with Taru Valjaka as his bitterly dignified wife. The smaller roles were rendered with incisive detail by the excellent company, but special mention is due to Usko Villainen's socialist agitator—a richly ambiguous blend of convinced idealist and cynical pro—and Erkki Aalto's young priest, inveigh**



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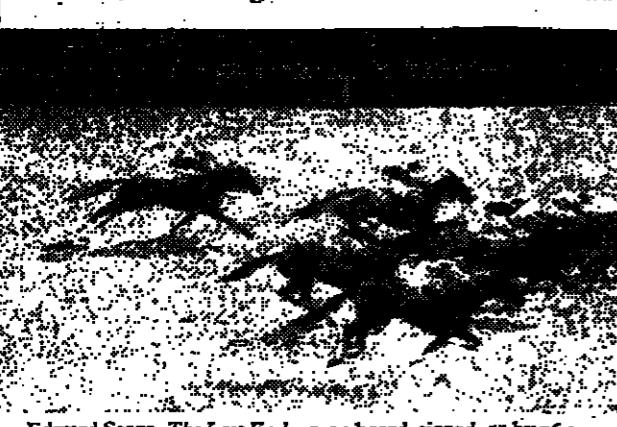
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## PAINTINGS

# Old masters in great demand

BY ANTONY THORNCROFT

THE ANTIQUE trade is in a state of shock over the cancellation of the Grosvenor House Antiques Fair, the largest in the country, which was due to open this week. An industrial dispute at the hotel had led to picketing and the organisers were reluctant to jeopardise the works of art. But the cost in lost business will be tremendous.

The Fair attracts 30,000 visitors, many from abroad, and around £20m of the £40m worth of goods on display was expected to be sold. Since dealers acquire stock on credit many are left with expensive items which need desperately to find buyers. No wonder some of the 80 dealers are holding their own small exhibitions, and anyone wandering around the Bond Street area, or Belgravia, will discover the leading antique dealers with much larger and more interesting goods on offer than usual.

The dealers in paintings are not quite so involved in Grosvenor House (they will) again be showing off some of their choicest things at the Burlington Fair at the Royal Academy in the autumn, and, in the main, they are in good heart. Demand for paintings has grown steadily since the bad year of 1973, with many new buyers, who might in the past have collected prints, appearing at the £500 or under level.

The market at most price levels is very strong, and the tax cuts on higher incomes announced in the Budget should free a great deal of cash for buying pictures. At the moment the antiques trade is getting it both ways—when the Stock Exchange booms some of the profit made is invested in art; when the economic outlook is gloomy art thrives as a good alternative investment. And London still benefits from its reputation as the centre of the international art market. We may not be active buyers for the highest priced paintings, but British expertise, and the dominance of Sotheby's and Christie's as auctioneers, attract to London the American, Continental and Japanese buyers of the top Old Masters and Impressionist paintings.



For the collector with £1m or so to spare: Fra Bartolommeo's Madonna and Child with Saints, which is being auctioned by Christie's on June 29. The painting is being sold by Lady Cook, widow of Sir Francis Cook.

They should be out in

force at Christie's on June 29 when the best Old Master painting to appear at auction in two years comes under the hammer—Madonna and Child with Saints by the Renaissance artist Fra Bartolommeo. It could sell for £1m. The fact that Bartolommeo, who a decade ago would not have been reckoned in the first division of artists, should command such a sum underlines the paucity of very best Old Masters appearing on the market. The museums have effectively creamed off most of the finest. Government controls prevent the export of national masterpieces and thus restrict sales, and the old British families who still own works

by the acknowledged Masters are reluctant to sell: they know they are holding appreciating assets. If a painting of the quality of the Bartolommeo does appear there are enough well funded museums, both public and private, to make forecasting a price very difficult. At least there seems little reason why the Government should not allow it to be exported.

But it is not a one way traffic: over 40 per cent of the paintings up for auction in the Christie's sale will have come from abroad. A feature of the art market is not only its internationalism and the new dominance of museums over private collectors but the

made a comeback. The reputation of London has been helped by the revival at the Royal Academy, which is now taken seriously by painters and offers truly representative selection of contemporary art in its current Summer Show.

There is a tremendous gap between the small dealers and the main Bond Street galleries catering for a mainly international market, but they share one thing in common: they have to overcome the prejudices of the British about art. In this country paintings are bought out of income rather than capital, and although the investment possibilities have attracted a new breed of calculating rich men in recent years, the British, as a race, are not enthusiastic collectors. If anything the really rich might dabble in watercolours, but the active patrons of art are few and far between. It means a brisk trade for paintings below £1,000 which are necessary wall decorations, but at higher levels it is the Continentals and Americans that keep Bond Street in business.

Perhaps the younger generation will stay with their commitment to art. There is very much more interest and expertise around now, and the development of Sotheby's and Christie's into the largest auctioneers in the world has helped considerably to inform and encourage buyers. But the constant headlines about record prices can distort reality: 60 per cent of all items coming under the hammer are knocked down for less than £200, and each month hundreds of paintings pass through the salerooms for paltry sums. The dealers are currently antagonistic to the

salerooms. They are their best customers but they resent the way the auction houses are creaming off buyers, especially institutions, and ignoring the accumulated knowledge of dealers. It is not always realised that dealers will sell works on commission, too, often at a lower charge than the salerooms, and in recent months many collectors of art are noticing that prices of paintings at the galleries can be lower than in the auction room where, carried away by the momentum of the sale, buyers have been known to pay more than they intended.

The dealers have another complaint—against British companies, who ought to be replacing the private patron but seldom do. The Contemporary Art Society, a non-profit making organisation, is starting to advise more companies on art purchases and recently acquired 200 contemporary paintings to embellish new premises of De Beers, but the attractions in investing in art are not only to furnish offices but also to cheer up the staff and to build up some appreciating assets in a commendably chauvinistic way. Perhaps the commission charges that the dealers levy (they take anything between a third and a half of the price of a painting) has given them a doubtful reputation, and there are indeed many who are more concerned with their turnover than their commitment to art. But a really good dealer provides an essential service for both artist and customer and no one should be frightened away by the austere atmosphere of most London galleries.

A.T.

breadth of demand. For a generation attention has been concentrated on the Impressionists; now the earlier periods are returning to favour. Italian paintings of the 17th century are a case in point, and Colnaghi has many on view at its summer exhibition opening next week. There are still areas which are a little overlooked—18th century portraits, especially when the sitters are unknown, can be acquired very cheaply, and French neoclassical art of the Napoleonic period remains out of favour. Some early panel paintings, which the museums are well stocked with, also offer bargains. But in the main the scramble is on for anything good.

One surprise is the keen interest in British art, mainly from amateurs but also by continental collectors. A recent Christie's sale of Victorian art set many records, including an extraordinary £220,000 for an Arab scene by Lewis. As the pre-Raphaelites get too costly attention is switching to their drawings and to Victorian genre paintings. Roy Miles is holding his fourth annual sale of Victorian pictures at the end of the month and prices will be 20 per cent higher than a year ago. Even a relatively unknown artist like James Sant carries a price tag of £30,000 for an admittedly pretty painting of children.

While there is a readjustment at the top of the market, with prices, say, for Veronese much higher than in the past because works by Titian are no longer available, so there is a thriving business at the bottom end. The top dealers are not really interested in paintings under £500; they are not worth the trouble. So a new breed of collector, and more modest dealers, have stepped in, underpinning the market. The only sector where there are problems is in the middle—in the £2,000-£10,000 bracket. There are great many unattractive paintings of great artists, which fail to capture the imagination of buyers and which carry large costs in cleaning and

hanging. Many are over-priced because their owners, who were lured into collecting during the first investment wave of a decade or so ago, now expect a profit which is not justified by the appeal of the pictures. Although the general tone of the market is good, some of the 19th century continental paintings acquired at excessive prices in the early 1970s would fall far short of such levels today. Investing in art requires knowledge and inclination, as well as a hefty bank account.

Old Master paintings of any quality are now beyond the reach of most private collectors, the same is not true of drawings and prints. Prices here have moved ahead sharply.

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Saturday June 16 1979

## The Lady and the Duke

A DRAMATIC week has been dominated, though from the background, by two figures, one very real and one mythical. The Budget, with its bold and possibly risky strategy of going straight for the main Conservative objectives, carries the clear imprint of our very determined Prime Minister. In the markets the effort to assess the risks involved has been complicated by new and somewhat rowdy manoeuvres of Mr. Denis Healey's long-serving financial general, the Grand Old Duke of York. Indeed, there is some fear that his manoeuvres could add to the risks of an already bold policy.

Mrs. Thatcher's determination seems to have inspired some of her supporters with a mixture of admiration and dismay. She has decided to use the momentum of her election victory to enact immediately some of the most supposedly offensive parts of her programme—notably the overdue reduction in the higher rates of income tax. At the same time the first stage of the shift from direct to indirect tax at less exalted levels has been financed by a rise in VAT which will add some 3½ per cent to consumer prices, and a squeeze on the finances of the nationalised industries which will add some more.

The straight political risk of a confrontation with the unions over pay is already beginning to look rather fanciful; in spite of some predictable rhetoric, the TUC is not in the business of upsetting newly elected governments fulfilling their declared pledges.

### Next wage round

What is much harder to assess at this stage is the impact of the Budget on the next wage round. Although the terms of pay from higher VAT is once-for-all a good reason for making the change in one step—it has never been easy in the past to persuade negotiators either to bargain in terms of take-home pay rather than gross pay, or to take into account the expected future rate of inflation rather than the current rate.

It is as true as it was last year, when Mr. Callaghan launched his ill-fated campaign for a 5 per cent norm, that moderate settlements would do more than anything to help start whatever kind of economic miracle is possible in a crisis-ridden and possibly depressed world economy. This government, however, is trying to achieve the change through monetary discipline rather than through speeches.

This policy inevitably puts employers in the front line. The equity market has acknowledged

## THE STORY SO FAR . . .

It was three years ago that we last shared the secrets of Anne and Peter's family accounts. Since then they have moved

house and Peter's career has had a temporary wobble. One thing has not changed, however. Our heroes still struggle close to the edge of financial disaster. The rate demand awaits an

Financial Times Saturday June 16 1979

answer and the Chancellor's reliefs lie some weeks into the future. As the rain drenches Peter's vegetable patch outside, the couple sit indoors and work out the bills. Now read on . . .

# The not quite so good life

ARTHUR SANDLES revisits Pete and Anne, and their battle with the cost of living

## THE FAMILY BUDGET

	£ per month	Was	Is	Expected
	(May '76)	110.00	170.00	195.00
Housekeeping	76.30*	104.50	110.00	
Mortgage	26.59*	16.91	18.38	
Rates	3.98*	1.73	1.73	
Water Rates	94.00	42.00	50.00	
Education	25.00	37.00	42.00	
Clothing	45.00	65.00	70.00	
Car	—	30.00	45.00	
Holidays	17.20	21.00	21.00	
Heating/cooking	10.00	10.00	10.00	
Electricity	15.00	15.00	15.00	
Insurance	7.50	12.50	12.50	
Telephone	28.50	53.50	53.50	
Season ticket	30.00	40.00	44.00	
Allowance	30.00	45.00	47.00	
Misc. (House maintenance, garden, children's pocket money, entertainment)	75.11	66.14	68.12	
Total expenditure	519.07	664.14	735.11	
Income (monthly, net)	520.00	665.00	681.62	
Balance	93	86	54.11	

\* Not strictly comparable because of a move to a more manageable house.

## Additional supply

The family may need this additional food supply over the coming weeks if the calculations are correct. In past months the notably unwelcome blow has been the length of the winter, which has burdened the family with a much higher gas bill than expected. Anne shops with a degree of caution, usually at Waitrose, but this Spring has had to cut back on normal yearly indulgence in English lamb, something of a family favourite.

Anne's £170 a month has to cover food and normal domestic purchases as well as small items of clothing. Anything in the clothing line costing more than a couple of pounds comes from central funds. Shoes have been a major item recently with Anne being appalled by the £15 or more she has to pay for them now that the children are more adult than infant. Her own clothing allowance and pocket money in theory is also part of the housekeeping, but the balance is erratic and she is not particularly well dressed. She usually goes on one major food shopping expedition a week, spending between £20 and £25. After that it is a question of topping up and some mid-week meat or fish purchases.

The couple entertain about once a month. Peter is expected to provide the wine from his resources and also give a little extra financial assistance if they decide on anything particularly special in the way of a menu. In two ways, at least, the Budget was not particularly

worrying. Neither of them now smokes, although this was not always the case, and their consumption of hard liquor is sufficiently modest to be largely catered for by the odd bottle that comes. Peter's way at Christmas.

It was a pleasant surprise to the couple when they moved to Guildford to find their rates bill fell sharply, but it is now climbing back up again. Guildford Borough rates last year were 72.44p in the pound and have risen to 78.65p, a sum which Peter has yet to include in his monthly figures since he has yet to pay the bill. To the basic borough figure must be added a small parish rate and, of course, the water rates. When Peter moved, he managed to convince his building society that his financial difficulties meant he simply had to increase his mortgage, which thus rose from £30,000 to £10,000. It is a modest enough sum, thanks to them being of the age which put them on the first rungs of the housing ladder in the early sixties, but it is still sufficient to provoke a wince when thoughts of an increase in interest rates occur.

Peter is hoping against hope that the present level of MLR will not survive for very long and that building society interest rates will not soar too rapidly, or too high. Nonetheless, he is making provision for a rise later this year.

Making provision is a strange way of putting it, since Peter is heading for a horrid shortfall in his domestic cash supply. The reason for this is that he had his last salary increase 10 months ago. Even with the tax changes he reckons to need more than 10 per cent just to stand still at present prices. Peter prefers not to think about that sort of thing. Discussions have been going on over the annual pay review within Peter's present City employer and, who knows, he might be in for a windfall.

## Change cars

But Peter is going to need more than a windfall if he is going to change cars in anything like the near future. A couple of years ago he paid £1,900 for a Chevette which was then a year old. It is now coming up to its MOT time and Peter has a nasty suspicion that he ought to buy a couple of new tyres before submitting it to examination. There is no question of his dashing out today and trying to beat the Budget VAT increases by buying a new car. Indeed, there is not much risk of his dashing out even to buy new tyres.

Running even a Chevette

these days is a pricey business when there is no company support whatsoever. Although the AA might reckon that the true costs in Peter's case are around 15.6p a mile and rising rapidly, Peter is making every allowance for replacement. He has been buying monthly tickets. He journeys each day from Guildford via Southern Region and the Darn to Bank. For the moment he is hoping the season ticket rate will hold firm until the winter at least. He is also hoping that his employer will change his mind about backing a 12-month ticket purchase. He goes to the station by car with a neighbour—with the neighbour's wife as chauffeuse.

## Subsidised canteen

The car might be expected to do more mileage than usual this year, since, at the moment, the couple plan to take the family on a Canvas Holiday trip to France. Under the scheme they get a multi-roomed, pre-erected tent and all necessary supplies in France for a basic £290 for two weeks. The money they are putting aside for even his modest venture is likely to prove insufficient and Peter is going to have to make further contributions. This is probably the last holiday they will have as a family: Mark is already a little unhappy about coming along.

Peter sets his own allowance at £44 a month, separating it from miscellaneous expenditure, even if this separation is only theoretical. Peter in fact needs demands as they arise and as he can. He tends to eat at lunch times in his company's subsidised canteen, or at business lunches where he is more often the guest, and he only goes out to pub three or four times a month—the news that Guinness might top 51p a pint next week has not come as a pleasant surprise. At the moment Jane gets £2.30 a week in pocket money and is a determined saver of birthday and Christmas cash for the fashion items in which she is increasingly interested. Mark's pocket money tends to be given in larger sums less frequently and is adjusted to the family budget—good training for the trials and tribulations of the future, says Peter; bad management, says Mark.

A major item in the family petty cash is newspapers. Magazines are bought intermittently and on impulse. Peter's FT at 15p a day is bought by his company and he supplements it from time to time with a 10p Telegraph. Neither time nor rising oil prospectors to Surrey amid fears that their work could change some villages in the county beyond all recognition... The very thought that the boggy patch in the bottom corner of the garden that presently threatens to drown Peter's collection of roses might actually be hiding a crock of "liquid gold" cheered him up somewhat. He'll probably do some digging after all—even if it is still raining.

## Getting out and about

All is not woe and depression in the house, however, and there is still a modest amount of getting out and about. Why, even tonight you might find them at the Wethers Inn at Compton, which has the sort of cosy intimacy which reminds them of their younger, pre-children days. It also has the added advantage of not being very far from home, just in case Peter should have trouble again getting fuel for the Chevette.

But, as Anne says brightly, Surrey's fuel worries might be over. She reads from the Surrey Advertiser: "The worldwide hunt for liquid gold is bringing oil prospectors to Surrey amid fears that their work could change some villages in the county beyond all recognition... The very thought that the boggy patch in the bottom corner of the garden that presently threatens to drown Peter's collection of roses might actually be hiding a crock of "liquid gold" cheered him up somewhat. He'll probably do some digging after all—even if it is still raining.



## Lorraine steers a straight course, even though she's blind!

It's not very unusual for a sixth-form schoolgirl to be a keen—and a capable—yachtswoman, but it may have surprised you to learn that Lorraine is blind.

Well, it shouldn't. Blind people simply want to lead ordinary lives and master an activity only.

deserving personal determination together with the help of skilful training.

Lorraine went to the RNIB's Chorleywood College with six 'O' levels and studying for her 'A's). The College has two sailing dinghies, and handling them certainly brings out all the self-reliance students are trained to develop. Lorraine even goes ocean racing now.

Training blind people to live fully and work effectively is the purpose for which the RNIB has existed for more than a century. Please help us to carry on with it through your legacies and donations.

**ROYAL NATIONAL INSTITUTE FOR THE BLIND**

224 GREAT PORTLAND STREET, LONDON NW1 6AA  
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## Letters to the Editor

### Money

From the Vice-Chairman  
Greater London  
Young Conservatives

Sir—The invigorating budget introduced by Sir Geoffrey Howe is to be welcomed by everyone concerned with the long-term future of our nation.

Rolling back the frontiers of the state, reducing the Government borrowing requirement, returning reward for responsibility and risk and replacing state decisions by individual choice now become realities.

One area however, that still remains of concern is that of controlling inflation through limiting the money supply.

Although Sir Geoffrey aims to limit monetary expansion to between 7 per cent and 11 per cent, it is necessary now for further consideration of the definition of money and its supply. Unless the definition of money is correct, the monetary controls implemented will ultimately prove ineffective.

The whole UK banking and credit structure is based on the notes and coins in issue. Reference to M1 or M3 is therefore, in the final analysis, irrelevant to the question of increases in the money supply and inflation. M1 and M3 are indicators of the velocity of circulation, the circulation of interbank deposits and the creation of credit based on the increase in the note issue.

Sir Geoffrey should see through the double and treble counting of money as defined in M1 and M3 and reconsider M (notes and coins in issue) as the true definition of money.

Charles Smedley,  
25 Bolton Gardens,  
S.W.1

### Employment

From Mr. R. Macay

Sir.—Professor Sandford (June 13) suggests that the Chancellor has increased VAT as an alternative to the National Insurance surcharge favoured by his predecessor. This

assumption seems to have been made by every other commentator.

The NI contributions table my firm has to operate for 1979-80 is at precisely the same level as the "surcharged" contributions of Mr. Healey. Clearly there is no intention to amend them. Sir Geoffrey has in fact financed his budget with increases both to indirect taxes and to employers' insurance contributions.

The well-publicised gestures of assistance to small firms and expensive programmes of employment subsidy which both Governments have financed have been nullified by this hidden, but direct, tax on employment.

Roger Macay,  
Black Jack's Mill,  
Harcfield, Middlesex.

### Charity

From Mr. J. Strauss

Sir.—The Budget encourages us to use our discretion as to how to spend our taxed income. For some people it will provide substantial tax savings. On the other hand the Government and local authorities will have to cut their allocations to many deserving causes.

I therefore suggest that those who benefit substantially from the reduction in taxation should support to a greater extent charities of their choice through endowments, charitable trusts or similar methods. Through force of circumstances these traditions have been greatly neglected in recent years. It is high time that private initiative is seen to play a more active role also in this field.

Julius Strauss,  
31 Ranulf Road, NW2.

### Petrol

From Mr. H. Posscott

Sir.—The international scramble for oil is not only aggravating the present shortage but playing directly into the

hands of the Organisation of Petroleum Exporting Countries most of whose members are taking advantage of the situation and raising the prices for crude oil.

The United States of America, Japan and the five major Western European powers absorb about 70 per cent of all oil shipped by the producing countries. If the above seven major consuming countries would join hands and set up a joint purchasing and distribution organisation it would immediately put an end to these countries out-bidding one another and ensure an equitable sharing out of available supplies, possibly based on the last six months' importation of member states. Such an organisation might well be known as OPIC. "Organisation of Petroleum Importing Countries."

If OPIC were well supported and operated it could result in stabilising prices and might in due course even persuade OPEC to consult OPIC on future price structures.

Herbert J. Posscott,  
P.O. Box 52378, Saxonwald 2132,  
South Africa.

### Touring

From Mr. J. Souer

Sir—I refer to the piece by James McDonald on June 9. Having just returned from a holiday in Cornwall, the information given by Mr. Peter Chester and Mr. Francis Hosking is, in my experience, misleading. The current situation is that petrol companies are providing 90 per cent or so of the amount supplied to garages at the same time last year. This allocation means that garages in holiday areas receive amounts based upon their previous "regulars" plus "holiday" traffic.

During my visit, at least 50 per cent of the garages were supplying "regulars" only. These garages were meeting 100 per cent of their regulars' demand

(which may well be 110 per cent of last year's off-take). Depending, therefore, upon the ratio of "holiday/regular" traffic, the amount of petrol available to holiday motorists could well be only 70 per cent, or less, of requirements.

This shortfall gives rise to a genuine petrol shortage as far as the holiday motorist is concerned and I feel that you should make it clear to tourists that they may well have to curtail the use of their cars when on holiday in the West Country.

J. E. Souter,  
Milton Hill,

BY PAUL TAYLOR

# Agonising decisions ahead

A SENIOR trade union official, confronted with the Government's plans for Civil Service manpower cuts, observed that their effect would probably depend on whether "the surgeon's scalpel or the butcher's knife" is used.

In certain areas the Government may ultimately have little choice but to wield the butcher's knife if its target for reductions in manpower is to be met.

Local authorities may face similarly agonising decisions if supplementary rate levies are to be avoided this autumn and own-hall coffers are either empty or regarded as sacrosanct. While the cost-cutting exercises which have begun in both central and local government are different in many respects, the choices facing the political masters in Whitehall and in the council offices are similar.

In both cases a high degree of political will is essential if public expenditure is to be cut—despite the inevitable deterioration in industrial relations, as well as the consequences for the services provided to the public, which will flow from the cuts.

In seeking a review of staff costs in individual departments, by selecting a range of possible target savings of between 10 and 20 per cent—the Government has indicated that there is a degree of flexibility in deciding where and how the cuts must fall.

Certainly this approach has on the support of senior civil servants who appear to be approaching the task with a sense of enthusiasm—in spite of the doubts of some other people about whether civil servants are best suited to the job of cutting their own departments down to size.

The operation of identifying areas of wastage and areas for possible savings will give civil servants the opportunity to voice concern about aspects of the complex system of govern-

ment which have worried them for some time.

For example, one can assume that senior civil servants in the Department of Health and Social Security will again set out the case for simplifying the present system of supplementary benefits.

In addition, although civil servants are at pains to stress that the ultimate choice of which services and jobs must go will rest with their political masters, the exercise will enable them to "catch the ear" of new Ministers and, if their advice is followed, to establish a list of priorities for the level and quality of services provided to the public.

## Adjusted

Nevertheless, although there will have to be decisions made on how far services provided by central government can be reduced, or ended altogether, in the final analysis the key to the success or failure of the exercise will be in cutting manpower.

The 1979/80 Civil Estimates included provision for £3.4m to be spent on civil servants' wages and salaries—£200m more than the year before—but the starting figure for the proposed cuts must be adjusted to reflect the level of wage settlements, the cash limit provision, the cost effects of a current degree of underfunding below establishment figures and the recruitment freeze already introduced.

After allowing for these factors the base figure against which the cuts will be judged is probably around £3.4bn, of which some £340m is directly attributable to the civil service pay award.

Civil Service manpower—currently 566,000 non-industrial staff and 167,000 "industrials"—has fallen slightly during the past two years. But since 1974

there has been an overall increase of 5.6 per cent—38,792 staff. This moderate increase hides a more significant increase in the number of non-industrial civil servants which has grown by 10.7 per cent between 1974 and 1975—54,733 staff—while the number of industrial civil servants, almost 95 per cent of whom are employed by the Ministry of Defence, has declined by 8.7 per cent (13,941) over the same period.

Taking both industrial and non-industrial civil servants together, the fastest-growing department over the past five years has been the Department of Employment. A 5.8 per cent increase in the department's staff partly reflects an increased workload, for example, caused by Britain's higher level of unemployment, and partly the transfer of staff from other departments to the Health and Safety Executive.

In the Departments of Health and Social Security, Inland Revenue and the Home Office the staff increases between 1974 and 1975 have all been more than 20 per cent. This is because of the impact of new legislation—including tax changes—and of greater work loads, for example, on supplementary benefits.

The fact that much of the increase in fast-growing departments is related to the greater workloads imposed primarily by government on the service will be a factor in the attempts of the present administration to trim the bureaucracy. The freeze on recruitment and promotion introduced by the Government last month and designed to achieve a 3 per cent cost saving this year will be claimed by senior civil servants, simply trim what "fat" exists.

The Service is currently 12,000 below establishment levels (1.6 per cent of the total workforce) and therefore a

target saving of 22,000 jobs implied by the recruitment freeze should be achieved fairly easily given natural wastage rates of around 60,000 a year.

Although this rate of natural wastage is expected to slow down as a result of civil servants' salary increases it is unlikely that it will fall below about 8 per cent a year.

There is also, however, a desperate need actually to recruit more civil servants in certain key professional and technological areas. For instance, relatively poor pay rates have been blamed for a failure to attract sufficient accountants, vets, computer personnel and other specialists to the service.

Nevertheless, over and above the 3 per cent saving target already set, any additional cost savings will only be achieved at the expense of services currently provided by civil servants. This fact has been recognised by Lord Soames, Lord President of the Council and the Minister in day-to-day charge of the Civil Service Department.

## Three years

Staff cost reductions of around 20 per cent imply reductions of the order of 150,000 in the number of civil servants. The target would take at least three years to reach through natural wastage.

It is also clear that the burden of achieving such a target would fall unevenly on different departments. Although senior civil servants insist that the review will cover all departments, it is likely that some—the Inland Revenue, for example—would find it difficult to meet the targets while coping with new legislation.

The review exercise is therefore likely to produce a fairly radical re-appraisal of the functions which central govern-

ment should and can undertake and of those which are better left to organisations in the private sector.

Local authorities must make similar decisions during the next six months although the range of options open to them appears to be slightly wider than that available to Whitehall.

While there is a greater degree of autonomy in the relationship between central and local government than there is between the Government and the Civil Service, the provision of central government funds to local authorities through the local support grant provides central government with some financial muscle.

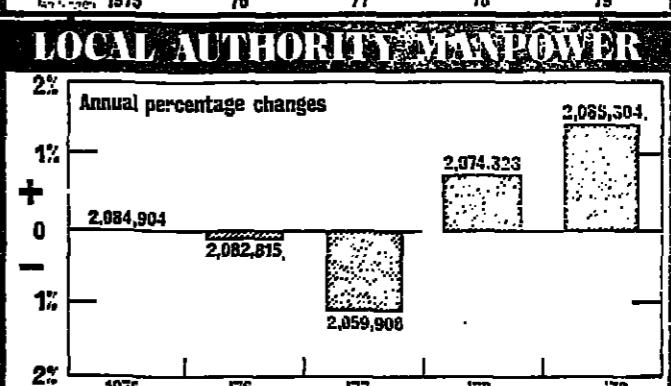
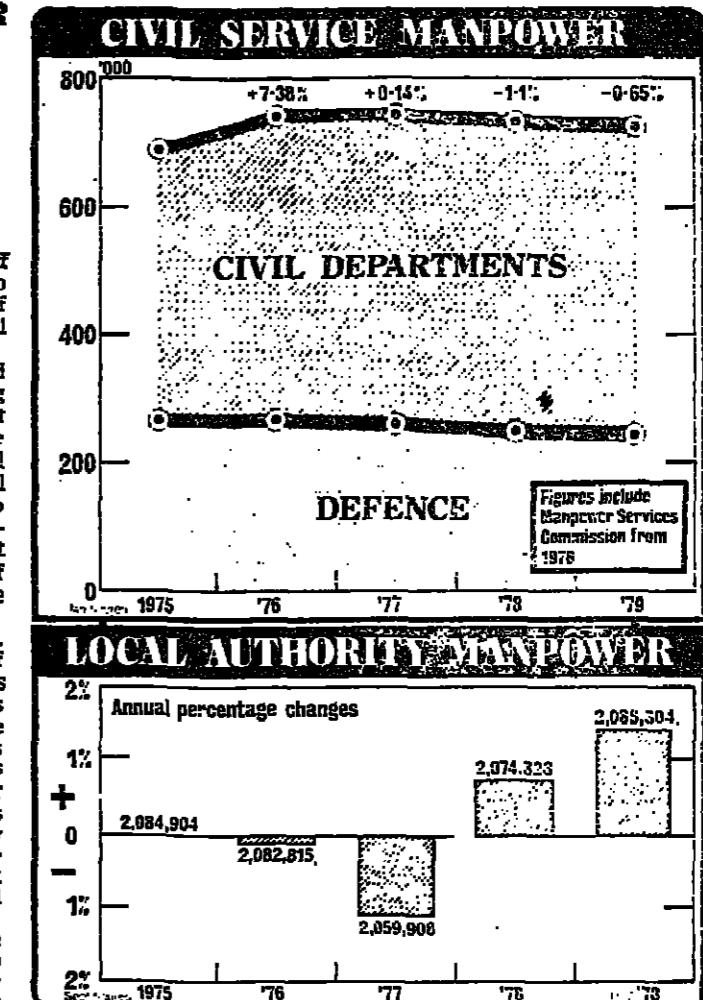
Central government currently provides about £1 per cent of the £14.1bn "relevant" local government expenditure through grants. Relevant expenditure comprises total budgeted expenditure excluding items met almost entirely from central government funds such as mandatory student awards, rate rebates and allowances, housing subsidies and consumer advice centres together with loan charges and capital expenditure met from revenue.

The introduction of cash limits figures to allow for price and pay inflation in the year to which a particular grant settlement applies has introduced a further element of central government control over local authorities.

The Government has sought to exercise its financial control over the local authorities in two ways:

First: it has "requested" them to freeze manpower requirements and cut manpower where possible. Behind this "request" is the implicit threat that local authorities which fail to respond will face financial penalties in the next share-out of grants in November.

Secondly, the Government has told local authorities that it will



ties, argue that they need substantial balances to maintain cash flows.

It is therefore likely that a few local authorities which either find themselves with virtually nothing in hand, or who consider their reserves essential, will have to introduce supplementary rates this year.

The total balances held by local authorities at the end of 1978/79 are thought to have been about £1.2bn, about 7.5 per cent of total estimated expenditure in the current financial year. But after providing for drawing on balances to meet estimated expenditure in 1979/80 it is likely that local authorities which fail to respond will be left with about £680m. However, the distribution of these reserves is also uneven and it is thought that most of the balances are held by the district councils which, because they collect rates on behalf of the county authori-

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## Guinness leaps to £23m and lifts interim 15%

IMPROVED performances in almost all its activities lifted the taxable profit of Arthur Guinness Sons and Company from £14.3m to £23.1m in the 24 weeks to March 17 1978. And there is a 15 per cent increase in the gross interim dividend.

The brewing side did particularly well raising its trading profit by £5.3m to £16.4m. The total trading surplus went ahead from £15.5m to £23.1m on turnover of £301.2m, against £263.8m.

Sir Alan Beal, chairman, says that special factors tended to concentrate earnings in the first half and it does not expect the second-half results to exceed those of last year when the group turned in £30bn. The taxable surplus for the whole of last year was up from £39.5m to £44.9m.

The directors stress that it is dangerous to judge the overall performance by the first half earnings since the point out last year's figures for that period were below those of 1976-77 when the group made taxable profits of £17.1m.

This half's improved performance was spread over Britain, Ireland and overseas. In the UK the trading profit, including exports, from £5.8m to £8m, in the Republic of Ireland, including exports to UK and overseas, from £4.4m to £5.3m and overseas from £4.9m to £6.1m.

The taxable surplus was struck after increased interest charges of £4.3m (£3.1m) and associated profits up from £1.8m to £4.7m.

Tax, adjusted for SSAP 15, takes £7.5m compared with £4.9m leaving net profit increased from £9.4m to £15.6m. Stated earnings per 25p share are ahead from 9.1p to 15.8p.

At the attributable level the surplus is up from £8.1m to £12.8m.

The net interim dividend is lifted from 2.618p to 3.15p which is equivalent to a 15 per cent increase on the gross figure. Last year's total was 3.88p.

### DIVIDENDS ANNOUNCED

	Current payment	Date	Corre-	Total	Total
			sponding for	last	year
British Cinematograph	1.75	—	1.53	1.75	1.53
Blowers ... Int.	0.83	July 27,	—	4.06	
Dorington Invest.	1.79	—	1.69	3.45	3.09
Estate & Agency	0.49	—	0.45	0.49	0.45
Ferguson Ind.	3.6	Aug. 6	3.9	6.6	6
Geers Gross	1.6	July 30	1.71	3	2.53
Gros Bros	2.38	—	2.36	3.88	3.68
Gr. Portland Estates	4	Sept. 5	2.27*	5	2.94*
Guinness	3.15	Aug. 10	2.62	—	7.84
Arthur Lee	0.44	July 20	0.44	—	1.64
Milbury	2.8	Aug. 24	1.65	4.14	2.5
Property Partnerships	1.5	Aug. 16	1.26	2.5	1.76
Raebury Inv. ... Int.	1.45	Aug. 13	1.25	—	4.05
John Swan	6.48	Aug. 10	5.57	6.8	8.8
UKO	4.6	Aug. 6	2.57	5.87	3.84
Jonas Woodhead	—	—	—	—	—

Dividends shown per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

## Milbury doubled to £1.2m

FURTHER PROGRESS in the second half led to more than doubled profits for Milbury, the glass-making subsidiary of Saint Piran, in the year to March 31, 1979. The taxable surplus jumped from £601,593 to £1.21m on turnover ahead from £5.7m to £8.1m.

The net final dividend of 2.8p lifts the total from an equivalent 1.24p to 4.14p. Stated earnings per 25p share advanced from 12.4p to 21.27p.

At midway the group had more than doubled pre-tax profits from £27,050 to £537,871, helped by a significant increase in margins.

Tax taken £100,523, compared with £11,464. There is a £48,000 credit for an adjustment on the sale of a subsidiary, and goodwill written off amount to £132,694.

## Cummins falls to £1.63m

Taxable profits of Cummins Engine Company tumbled from £5.14m to £1.63m in 1978-79, a year ahead from £5.3m to £9.7m. The diesel engine and component manufacturer suffered a midway profits decline from £4.8m to £1.4m.

See Lex

## Ferguson Industrial profit up at £2.2m: makes good start

SALES of Ferguson Industrial Holdings rose 37 per cent to £56.52m in the year ended February 28, 1978, and pre-tax profits were higher at £2.24m, compared with £1.62m in the previous year.

The directors say the results were obtained despite the bad winter and transport strike which affected sales in January and February. Since the beginning of March, trade has been back in most subsidiaries enabling some of the lost ground to be recovered.

Earnings per share are stated at 21.9p, against 15.2p, and, as expected, the final dividend is 3.6p to make a total of 6.8p compared with 6p.

The Board confirms its intention to increase the share capital and make a one-for-two scrip issue. The proposals were first made last November, but were deferred until after the acquisition of the Peacock Group so that there would be a definitive share register from which to work.

### • comment

Unlike UBM and one or two of the larger builders' merchants

based in the south of England, Ferguson has not suffered to any great extent from the bleak weather and the lorry drivers strike in January and February. The pre-tax figure at the end of nine months was £1.8m and for the full year (February 28 year end) it was £2.2m. Growth was boosted by a £276,000 first time contribution from Hawker Siddeley Hindson, in 1978-79, added £400,000. But profits from building supply activities in both the UK and Ireland improved ahead. The latter did slightly better than the former in percentage growth terms as there was less pressure on margins. Results are up further in the first quarter of the current year and this plus a first time contribution from Peacock (acquired in February), suggests another good year in 1978-80. The shares edged up 4p to 12.6p giving a p/e of 8.5 on published earnings and a yield of 8 per cent.

**Results due next week**

With Tate and Lyle admitting that the recession has yet to bottom out, analysts are not looking for any recovery trend in the first-half figures due out next Wednesday.

The company has already warned that there will be a hard struggle during 1979 to maintain 1978's profits figure of £3.6m, in spite of an expected second-half improvement.

Generally, the market is looking for around £9m in the first six months, compared with £11.1m in the previous comparable period, although these estimates could be slightly on the high side. Commodity trading profits are expected to be lower along with the refining activities.

Another major company on next week's stock exchange list is Tesco on Wednesday.

City analysts are estimating pre-tax profits of between £36.5m and £38.5m for Tesco next Wednesday, against £28.5m previously. The improvement is expected to stem mainly from

substantial sales growth rather than any widening of margins. Some 15 new stores were opened last year. Benefits of its Checkout campaign, introduced in mid-1977, are now coming through and actual sales volume is believed to be some 15 per cent higher. Growth appears strongest in the fresh food division and Tesco has raised its grocery market share. But non-food activities, albeit slightly better, remain generally unexciting, though Home 'N' Wear offers good future potential. One uncertain factor, however, will be the recent trade war strike, which is likely to have affected Tesco to some extent.

Racial Electronics has already made a forecast of over £55m for 1978/79. Within the context of a rapidly developing market for tactical radio and data communications equipment market, its results due next Thursday have been pitched at between £61m and £62m compared to 1977/78's figure of £39.8m.

### Announcements

Company ... Due date ... L-13 year ... Last year ... Dividend (p\*) due ... Int. Final ... Int. Final ...

Friday ... 0.6 ... 0.875 ... 0.875 ... 0.8125

Tuesday ... 1.9 ... 2.107 ... 2.789

Wednesday ... 3.083 ... 3.036 ... 1.5

Thursday ... 1.179 ... 3.708 ... 1.3

Friday ... 1.25 ... 2.024 ... 1.023

Monday ... 0.9 ... 1.258 ... 1.0

Wednesday ... 0.65 ... 0.868 ... 0.65

Tuesday ... 1.65 ... 0.7817 ... 2.175

Monday ... 3.725 ... 5.012 ... 4.212

Wednesday ... 3.0 ... 6.017 ... 4.5

Thursday ... 1.65 ... 3.737 ... 1.65

Wednesday ... 2.31 ... 5.19 ... 2.54

Wednesday ... 1.0 ... 1.25 ... 1.75

Friday ... 1.6 ... 2.45 ... 1.75

Wednesday ... 1.0 ... 1.45 ... 1.0

Tuesday ... 3.835 ... —

Thursday ... 1.7 ... 2.18 ... 1.5

Friday ... 1.65 ... 2.72 ... 1.81

Friday ... 2.4425 ... 3.0 ... 2.7

Wednesday ... 0.7064 ... 0.9323 ... 0.7883

Wednesday ... 1.575 ... 3.1023 ... 1.70

Wednesday ... 3.35 ... 7.378 ... 4.0

Thursday ... 0.5 ... 1.0 ... 1.25

Dividends shown net pence per share and adjusted for any intervening scrip issue. \* Second interim.

Third quarter figures.

## Pilkington tops £90m despite UK setback

THE NATIONAL haulage strike cost Pilkington Brothers, glass-makers and processor, some £1m at the trading profit level. This loss contributed to a slowdown in taxable earnings growth from £13.8m in the first half to £4.8m in the second, leaving full year total at £20.1m. Turnover in 1978, ahead from £71.7m to £90.3m.

Trading surplus in the UK finished only marginally better at £29.2m, against £28.9m, while there was sharp improvement overseas. Profit there jumped from £13.7m to £21.3m, with the increase spread almost evenly across both six months.

Overall sales were up £78.8m at £549.8m, including £56.5m (£50.2m) overseas content.

After tax of £24.7m (£26.3m)



Sir Alastair Pilkington, chairman of Pilkington Brothers, pictured in the St. Helens factory.

(£24.5m) before deducting bank overdrafts, the directors say.

Unrealised exchange losses of £15.6m arose on conversion of overseas net assets and there was a £2m unrealised gain on conversions of overseas long-term borrowings.

Spending on new buildings, plant and equipment during the year amounted to £3.5m. Investment in new subsidiaries and associated companies totalled £2.2m, including the acquisition of Sola (Plastic Ophthalmics) in Australia and a 50 per cent stake in Proviro (Flat Glass) and Santa Lucia (Safety Glass) in Brazil.

The effect of these investments in loan capital at the year-end was to increase UK borrowings by £24m. Even so, there was strain on the group's ratio of 12.13 times.

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# Gt. Portland revenue rise

ROSS rental income of Great Portland Estates increased from £102m to £83.8m in recommended, making a year's total of 27 cents gross. In 1977-78 a total of 60 cents gross was paid.

Kuala Lumpur earned pre-tax profits of M\$1.47m (£1.032m) against M\$2.77m in 1978 and recommends a final dividend of 30 cents (6.5p) gross for a year's total of 60 cents, compared with 50 cents gross paid in 1977-78.

After tax of £2.6m (£1.76m) net earnings per share are up 54p to 71p and a final dividend of 4p lifts the total from 1 equivalent 2.9388p to 5p. A further one-for-two scrip issue is proposed and the Board tends to maintain the current rate of dividend on increased capital.

Net revenue for the year from imputed properties was higher £3.14m against £2.35m and includes £61,000 (£11,000) being attributable to properties in the course of development.

Not included is a £1.7m (£1.02m) realised surplus on the sale of investment properties which has been transferred to capital reserve.

Following a valuation of the investment portfolio, a surplus of £107.54m has also risen to £179.85m lifting the total from 3.0834p to 3.4298p.

The directors say an excellent start has been made to the current year and there will be a substantial net rental increase.

They are confident earnings will exceed those now reported and increased dividends will be paid.

## Dorrington Invest. well up

PRE-TAX earnings of Dorrington Investment Co. improved from £827,000 to £789,000 in the year ended March 31, 1979, on turnover of £2.57m, against £2.69m. Tax takes £44,000 (£34,000) including deferred tax of £88,000, against £236,000. Stated earnings per share are 5.66p (4.61p) and the final dividend is 5.66p.

The James Group, the Bristol-based industrial and investment company, announced that it is in talks with more than one possible suitor.

Loss-making furniture manufacturers Barget ended discussions that might have affected shareholders' interests.

Having received acceptances of only 10 per cent from holders of the outstanding 70 per cent of Jantar, Mr. Edward Nassar has lapsed his 10p per share bid for the company. The bid was triggered when Mr. Nassar's stake rose to just over 30 per cent.

The M & G launches new American unit trust.

The M & G Group is launching a new American unit trust specialising in shares of companies which have failed or had times.

The launch, the first from the group in three years, means that it now has two American funds.

The new trust, M & G America Recovery Fund, will be run along similar lines to the group's existing Recovery Fund, which has been outstandingly successful in backing similar stocks in the British market.

The units are priced initially at 50p and the minimum purchase is 2,000.

The investment manager, Mr. Paul Nix, projects the yield at about 2½ per cent. But he warns that due to technical factors and to the high risks involved in many of the shares the yield will fluctuate widely.

## INSURANCE BASE RATES

Property Growth 11.1%

Vanbrugh Guaranteed 10.87%

Addressee shown under Insurance and Property Bond Table.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.  
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.  
Index Guide as at June 14, 1979  
Capital Fixed Interest Portfolio ..... 115.25  
Income Fixed Interest Portfolio ..... 106.00

CORAL INDEX: Close 473.473

## SCOTTISH EUROPEAN INVESTMENT CO LTD

Balances of the Financial Year to 31st March  
1979 1978 %  
Asset Value per share £7.8p 53.1p + 8.8  
including dollar premium 3.7p 3.5p  
Net Assets £8,745,162 £7,865,475 + 8.8  
Earnings per share 1.75p 1.70p + 2.9  
Ordinary Dividend 1.65p 1.50p + 10.0

Net assets rose 8.8 per cent over last year, compared with a rise of 3 per cent in the Eurosyndic Index of Continental stock exchanges. The fall in the dollar premium, together with the strength of sterling against European currencies, cost us an estimated 5.8 per cent of net assets, reducing our gains by 3.1 pence per share.

Final dividend of 1.25 pence per share recommended, making a total of 1.65 pence for the year, an increase of 10.0 per cent. Net income showed a satisfactory increase at the pre-tax level. The smaller increase after tax reflects a return to a more normal tax charge.

Geographical distribution of the equity portfolio at year-end was as follows:

1978 figures in brackets)  
France 28.5% (21.9%) U.K. 8.7% (15.2%)  
Germany 27.9% (24.1%) U.S. nil (9.7%)  
Other European 11.5% (12.9%) Other European 12.3% (7.0%)  
Switzerland 10.8% (9.2%)

At 31st March 1979 effective investment in equities amounted to 4.3 per cent of shareholders' funds, compared with 10.1 per cent a year ago.

Copies of the Report and Accounts contain a full list of the company's investments and can be obtained from the Managers:

Stewart Fund Managers Limited,  
45 Charlotte Square, Edinburgh, EH2 4HW

**Roberts, Adlard & CO. LIMITED**  
BUILDERS' MERCHANTS AND ROOFING SPECIALISTS

Year ended 31st December 1978 1977  
Turnover £11,101,405 £9,059,201 up 23%  
Profit before tax £706,627 £573,526 up 23%  
Profit after tax and extraordinary items £415,866 £278,839 up 49%  
Earnings per share 17.33p 11.62p

Main points from the Statement by the Chairman, Mr. F. W. Elford:  
Final dividend of 3.073p per share is recommended making a total of 4.82p being the permitted maximum.

Turnover at the end of March was marginally ahead of last year and I am confident that this margin will show a steady improvement as the year progresses.

Copies of the Report and Accounts are available from:  
The Secretary, Roberts, Adlard & Co. Limited, Tweedy Road, Bromley, Kent, BR1 3NW.

## SUMMARY OF THE WEEK'S COMPANY NEWS

### Take-over bids and deals

Bestbell rejected the intimated 200p per share offer from BTR on grounds of incompatibility.

Merger talks between Mining Supplies and Dobson Park Industries ended, the negotiations fondering on the intended structure of the combined companies.

H. Brammer, the power transmission and rubber products group, dropped plans to pay about £4m for the UK power transmission Morse Chain division of Borg Warner.

Thorn Electrical Industries acquired 50.1 per cent of Locatell SA, the largest television rental group in France, and is bidding for the rest at a price which values Locatell at £26.8m.

Costs Patons and Gütermann of West Germany notified the cartel office in West Berlin of their intention to merge. Under West German cartel law, the purchase of more than 25 per cent of a West German company is subject to the approval of the cartel office. Twice before mergers between UK and German companies have been referred to the office on market monopolies grounds, and the more recent case of British Petroleum's deal to acquire a 25 per cent stake in Ruhrgas from Veba was approved by the Bonn economics minister over the cartel office's objections.

British and Commonwealth Shipping agreed terms with the independent shareholders of the unquoted company, Manifold Investment Holdings. First announced late in May, the bid values MIH at £2.2m, or 157½p per share. British and Commonwealth Shipping already held 49.8 per cent and also indirectly owns about 61 per cent more through its 36 per cent holding in MIH's next largest shareholder.

John James Group, the Bristol-based industrial and investment company, announced that it is in talks with more than one possible suitor.

Loss-making furniture manufacturers Barget ended discussions that might have affected shareholders' interests.

Having received acceptances of only 10 per cent from holders of the outstanding 70 per cent of Jantar, Mr. Edward Nassar has lapsed his 10p per share bid for the company. The bid was triggered when Mr. Nassar's stake rose to just over 30 per cent.

1/ Unconditional.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's*	Final Acc'tee date	Bidder	Company	Year to	Pre-tax profit (£'000)	Earnings* per share (p)	Dividends* per share (p)
<i>Prices in pence unless otherwise indicated.</i>											
Hardy & Co. (Furnishers)	122½p	147½	114	8.04		Barris	Junior, Marley	Mar.	21,580 (18,870)	27.1 (23.7)	8.5 (5.49)
Hardy & Co. (Furnishers)	113½p	110½	92	14.7		Barris	Leech (Wm.)	Feb.	2,340 (2,200)	12.2 (14.9)	6.0 (6.0)
Jenks & Cattell	81½p	100	67	1.22		Queensway	Locke (Thos.)	Mar.	2,230 (2,370)	2.8 (2.9)	0.96 (0.87)
Knott Mill	67½	68	27	2.33		Queensway	McLeod Russel	Mar.	4,250 (8,520)	11.3 (43.3)	13.5 (13.5)
Morris Blakey	172½p	164	164½	2.63		Armstrong Equipment	Metal Box	Mar.	58,230 (55,780)	57.3 (61.6)	16.09 (14.99)
Morris Blakey 'A'	188½p	132	120½	1.38		G. A. Stanley	Ocean Wilsons	Jan.	3,180 (2,680)	13.3 (11.2)	3.5 (2.88)
Sheepbridge Eng.	161½p	115	110	2.44		Majestic Inv.	Pauls & Whits	Mar.	7,641 (6,251)	10.4 (17.2)	4.93 (4.29)
	93	66	36.3	2.63		GKN	Physi	Mar.	1,230 (750)	21.1 (11.8)	1.89 (1.35)
							Robertson Foods	Mar.	2,040 (2,730)	14.5 (22.8)	6.3 (5.72)
							Rowlinsu. Consuls	Mar.	56 (997)	0.8 (15.4)	0.61 (0.61)
							Stavely Inds.	Mar.	470 (316)	6.8 (4.1)	2.1 (1.5)
							Valor	Mar.	11,250 (10,010)	12.6 (56.2)	12.0 (13.5)
							J. W. Wassall	Mar.	75 (68)	2.0 (2.1)	0.68 (0.44)
							Wedgwood	Mar.	8,647 (8,249)	19.6 (17.6)	4.18 (3.74)
							W. Brom. Spring.	Dec.	350 (595)	2.6 (7.1)	1.09 (0.97)

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. \*\* Based on 15/6/79. || At suspension. ¶¶ Estimated. §§ Shares and cash.

1/ Unconditional.

2/ Figures in parentheses are for corresponding period.

Dividends shown net except where otherwise stated.

\* Adjusted for any intervening scrip issue. † Interim results not previously disclosed. ‡ 17 months. ¶ Net profit. || Annualised. ¶¶ 18 months. || Loss.

### INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£'000)	Interim dividends per share (p)
Bertrams	Apr.	78 (75.1)	(—) (1.65)
Compair	Apr.	4,615 (5,717)	1.65 (1.65)
Crystelite	Mar.	388 (387)	(—) (—)
Eng. China Clays	Mar.	10,428 (5,533)	2.12 (1.93)
Homfray	Mar.	290 (643)	N/A (1.31)
Kitechen Taylor	Mar.	1,010 (551)	1.5 (1.5)
Saatchi & Saatchi	Mar.	1,130 (755)	2.02 (1.27)
Sidlaw Inds.	Mar.	98L (188)	1.5 (1.5)
Westland Aircraft	Mar.	5,210 (—)	1.0 (N/A)

(Figures in parentheses are for corresponding period.)

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## Companies and Markets

**Wall St. mixed: Index up 0.96****INVESTMENT DOLLAR PREMIUM**

\$2.60 to £1 — 35% (33%)

Effective \$2.1065—12% (11%)

A MIXED trend prevailed in moderately active trading on Wall Street yesterday, when investors were again troubled by confusing economic statistics.

After opening 2.25 lower, at 549.95, the Dow Jones Industrial Average rallied to 542.70 for a net rise of 0.96 on the day and S.15 on the week, while the S.15. All Common Index, at 537.85, shed 2 cents on the day but was still up 47 cents on the week. Gains led losses by 746 to 667, while the trading volume decreased 96m shares to 33.01m.

Analysts said a jump in the rate of industrial production, rebounded in May. Industrial Production weakened the argument of investors who say the economy's slowing and interest rates are peaking.

The Basic Money stock surged a record \$6.90 in the latest reporting week, and Industrial Production rose 1.3 per cent in May after a revised 1.4 per cent fall in April.

Despite the adverse Money Supply news, Citibank lowered its prime rate to 11 per cent

from 11; per cent matching cuts by four other major and about dozen smaller banks.

A number of recently strong Oil's were active and lost ground. Volume leader Amerada Hess eased \$1 to \$17.75, and Mesa Petroleum \$1 to \$53.31.

Charter slipped \$2 to \$33.29, and the warrants \$2 to \$29; before trading was halted—it is pursuing plans to acquire Carey Energy's refining assets. American Financial moved up \$3 to \$37.15. But Goids lost 3.8 to \$16.21.

Hercy Oil rose \$4 to \$50. Canadian Occidental \$3 to \$40. Gulf Canada \$2 to \$80, and Numac \$3 to \$40.1

HONG KONG—Firmer in very thin trading, with Properties leading the rise.

JOHANNESBURG — Gold shares firmer following rise in Bullion price.

Mining Financials quietly harder. Coppers mixed in dull trade.

**AUSTRALIA — Generally weaker.**

Coals mixed. Threes eased 7 cents to A\$3.35, while Utro Rose 5 cents to A\$2.55 and Coal and Allied 10 cents to A\$6.20.

BRUSSELS—Mostly lower in quiet trading.

Intercom firm on details of its rights issue.

In Foreign stocks, Germans, Canadians and U.S. lower. French higher. UK and Dutch mixed.

Pharmaceuticals and Machinery makers armed.

**GERMANY—Mixed trend.**

Banks firms, Chemicals narrowly mixed.

TOKYO—Market rallied, Investors welcomed relaxed controls on Margin Trading Requirements. Volume 210m (170m) shares.

But Oils and other Energy industry-related issues lower.

Pharmaceuticals and Machinery makers armed.

AMSTERDAM—Mixed with Internationals mostly lower.

Coals mixed. Threes eased 7 cents to A\$3.35, while Utro Rose 5 cents to A\$2.55 and Coal and Allied 10 cents to A\$6.20.

LONDON—Mostly lower in quiet trading.

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AMSTERDAM—Mixed with Internationals mostly lower.

Coals mixed. Threes eased 7 cents to A\$3.35, while Utro Rose 5 cents to A\$2.55 and Coal and Allied 10 cents to A\$6.20.

LONDON—Mostly lower in quiet trading.

Intercom firm on details of its rights issue.

In Foreign stocks, Germans, Canadians and U.S. lower. French higher. UK and Dutch mixed.

Pharmaceuticals and Machinery makers armed.

## Dutch bank to merge four Swiss subsidiaries

By Charles Batchelor in Amsterdam

ALGEMENE BANK Nederland (ABN) plans to merge its four subsidiaries in Switzerland into one bank to be known as Algemene Bank Nederland (Schweiz). The new bank will have shareholders' equity of SwFr 64.9m (\$37.5m). Its headquarters will be in Zurich, with branches in Geneva and Chiasso. The four banks involved are Algemene Bank Nederland in Der Schweiz, of Zurich, Algemene Bank Nederland (Geneve), De Neuflize, Schlumberger, Mallet (Suisse) of Geneva, and Neue Bank, Zurich.

ABN is the sole shareholder of the first two banks. It owns nearly 64 per cent of the Paris-based Neuflize holding company which in turn has 90 per cent stake in the French bank. ABN has a 60 per cent stake in Neuflize with the remaining shares held by Privatbanken of Copenhagen and Andresens Bank of Oslo. The minority shareholders will also participate in the new bank.

The Dutch bank is restructuring its banking operations in Europe. In April it announced it was studying the possibility of merging its two French subsidiaries—De Neuflize and Banque Jordan—into one bank. AMEV, the second largest Dutch insurance group, saw a 20 per cent rise in net profit in the first quarter to Fl 20.8m (\$10m) on a 10 per cent rise in turnover to Fl 740m (\$354m) compared with the corresponding year-earlier period, AP-DJ reports from Amsterdam.

In the first three months of 1979, total sums insured rose to Fl 47.7bn from Fl 46.8bn.

## French mining group in the red

BY TERRY DODSWORTH IN PARIS

**CONSOLIDATED** losses of the Imetal group, the French-based mining concern controlled by the Rothschild family, amounted to Fr 224bn (\$55bn) last year after a profit of Fr 82m in 1977.

However, the company expects to move back to profits for 1979, helped by a performance from the parent company at least equal to the profits of Fr 36m returned for 1978.

Last year's sharp swing into the red was primarily due to what Imetal describes as "disastrous" losses of Fr 593m at Le Nickel, the New Caledonian nickel mining company which has suffered from poor market conditions, high stocks, and the

decline in the value of the dollar.

Imetal has a 50 per cent stake in Le Nickel, which it owns jointly with Elf-Aquitaine, the nationalised French oil group, and some Fr 259m of the losses have been consolidated.

In addition, a further Fr 35m of losses have been consolidated from Penarroya, the lead, zinc and silver mining company in which it has a shareholding of almost 60 per cent.

The company says that the losses from these two affiliates could not be balanced by profits earned in the rest of the group, which includes Mokta (uranium, iron, manganese), Copperweld,

USA (special tubes, bi-metallic wires), and Lead Industries (non-ferrous metals, metallic oxides, ceramics, paints).

The consolidated group comprises 62 companies, which achieved a turnover last year of Fr 6.8bn and had a total balance sheet of Fr 7.5bn.

At parent company level, profits mainly from dividends received, amounted to Fr 36.1m, showing only a marginal change from the Fr 37.5m of 1977.

The board is proposing an unchanged dividend of Fr 3.80 a share.

A SHARP increase in capital and exploration spending is planned by Elf-Aquitaine, the French nationalised oil company.

## Mitchell Plateau bauxite project boosted by CRA

BY JOHN ROGERS IN SYDNEY

**CONZINC RIOTINTO** of Australia is to try to breathe life into the big bauxite deposit project at Mitchell Plateau in Western Australia. In a diversifying move for the large mining house, it was revealed yesterday that it had taken a 10 per cent interest in the venture, with an option to take up a further 42.5 per cent if a 12 month mining feasibility study proves successful. No financial considerations were revealed.

Yesterday's move is the most positive step taken in recent years to set the problems plagued Western Australian project off the ground after a series of consortia have stalled away. CRA will now partner Alumax Bauxite Corporation and smaller European and Japanese groups. It will take majority control—in line with all its joint venture operations—if it exercises its option.

The move is obviously aimed at the company sharing in the forecast jump in world demand for aluminium and its basic components—bauxite and alumina—in the 1980s. Alumax has already announced plans to build an A\$500m (US\$550m) aluminium smelter at Newcastle, in New South Wales, and Mitchell Plateau's refined product could be earmarked for this purpose.

Alumax's U.S. co-parent, Amax originally mapped out the Mitchell Plateau project back in 1970, but ran straight into world oversupply. Anaconda then expressed interest but pulled back. Amax's holding was transformed with the introduction of Japanese equity from Mitsui to form Alumax on a 50:50 basis.

The most recent consortium was made up of Alumax taking 70 per cent, with the other groups holding the remainder. As all partners are foreign-owned, CRA does not expect any difficulty in having the agreement passed by the Federal and state government review bodies. If anything, the planned "Australianisation" of CRA would be seen as introducing local equity into the project.

The original project envisaged a combined bauxite/alumina complex sited on Admiralty Gulf. Capacity was 800,000 tonnes of alumina, but was raised to 1.2m tonnes and then to 2.4m tonnes. From this point alumina could be shipped around Australia and to overseas smelters.

## Swedish Match earnings rise in first four months

BY VICTOR KAYPETZ IN STOCKHOLM

**SWEDISH MATCH** reports an operating profit of Skr 63m (\$14m) on sales of Skr 1.8bn (\$409m) for the first four months of 1979, up from a profit of Skr 51m on a turnover of Skr 1.7bn for the same period of last year. The forest products, plastics, chemicals and machinery group is sticking to its April forecast of continued improvement during 1979. In operating results, which were Skr 1.9m last year.

After financial items, earnings for the first four months were Skr 44m, against Skr 27m during the comparable period of 1978. The group had extraordinary income of Skr Sm, leaving a pre-tax profit for January-April of Skr 52m, compared with Skr 4m for the full year 1978. No comparable figure exists for January-April 1978.

Swedish Match attributes the improved operating result to the restructuring measures it has implemented, together with

better economic conditions, but adds that all restructuring measures have not yet shown their full effect.

The severe winter in northern and central Europe hurt the group's Katrinefor division by creating production and raw material problems for particle board and reducing demand for doors and windows. But kitchen fittings, furniture, fibreglass and distribution centres showed clearly improved earnings.

Katrinefor's operating results rose by Skr 4m to Skr 10m and turnover was up by 6 per cent to Skr 63m.

Tarkett, which makes flooring and wall coverings, overcame cost increases to raise its operating results by Skr 3m to Skr 10m and turnover was up by 6 per cent to Skr 63m.

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## LONDON STOCK EXCHANGE

# Technical rally reverses equity slide but movement falters on announcement of £1.8bn tap stocks

## Account Dealings Dates

Option  
\*First Declara. Last Account Dealings Dates Day June 4 June 14 June 15 June 25 June 18 June 24 June 29 July 10 July 12 July 13 July 24

\*\*Now time," dealings may take place from 9.30 am two business days earlier.

Technical end-account influences yesterday reversed the sharp downturn stock markets sustained earlier in the week because of growing concern over the first Tory Budget and other measures and mounting concern about the upward pressures on the rate of inflation. Dealers' book-closing tactics coupled with bear-closing losses fitted leading shares but left untouched secondary stocks, many of which recorded fresh losses.

A small demand for the account beginning next Monday also helped to nudge the leaders higher, but the continued absence of genuine investment buying

generated caution and the gains were shaded ahead of the 3.30 pm close as the market began to look to Gilt-edged for a guide.

Quotations in the latter were generally relinquishing small improvements awaiting possible announcements regarding replacement tap stock issues.

These were duly made in the form of a further £1.8 billion issue of Exchequer 12½ per cent Treasury and £800m of new Treasury 12 per cent 1984, both to be issued by tender with the former requiring only £15 and the latter £50 to be paid on application. When dealings resumed after the usual 45 minute recess, long-dated Gilts were lower, mirroring disappointment with the unexpectedly large fall on the market, but the shorter issues held at the official closing levels.

Equities accordingly shed a few more pence and the FT 30-share index, which had registered a recovery of 8.6 at 2 pm, closed exactly half that amount up on

balance at 478.5 for a fall of 24.7 on the week; this left the slide from the May 4 record high at just over 80 points.

Government stocks which had pursued an irregular course for most of the day continued to drift in after-hours' trade and the longer session, dull all through the session, ended with falls ranging to 1½ points. Other longs, however, closed only a net 4 or so easier, while the shorts actually finished higher on balance with gains extending to 4, after initial losses of 7.

Activity in the investment currency market was the heaviest for some considerable time in a week which has seen marked weakness because of the relaxation in exchange control regulations. A large part of yesterday's trade stemmed from institutional sources and, reflecting the varied nature of the business, rates fluctuated between a narrow range of 37 and 39½ per cent before a close of 38½ per cent which was slightly below the day's low of 37½ pence down on the day. Yesterday's SE conversion factor was 0.8312 (0.8292).

Increased demand for Traded Options saw the total number of contracts recorded rise to 1,546 from the previous day's 924. Cons-Goldfields were particularly lively with 283 deals done, while a sizeable trade was also transacted in Marks and Spencer and ICI which recorded 173 and 167 contracts respectively. The week's daily average improved to 1,054 against 566 the previous week.

## Banks better

Despite adverse comment, home banks picked up slightly in the wake of the base lending rate increases. Barclays rallied 6 to 448p and Lloyds retrieved 6 to 318p, while Midland hardened 3 to 408p as did NatWest, to 348p. Investment currency considerations continued to affect overseas issues and ANZ dipped 3 more to 257p and Commercial Bank of Australia declined 6 to 142p. Merchant banks remained friendly and Hill Samuel Warrants receded 2p more to 329p. Elsewhere, Cattell Holdings closed unaltered at 34p; the price in yesterday's issue was incorrect.

A rally in the Brewery sector was fuelled by a jump of 10 to 191p in Guinness. In response to the good trading results, other lending issues closed below the best. Bass ended 3 higher at 209p, after 211p and Allied 1 dearer at 88p, after 90p. Scottish and Newcastle closed 34 up at 70p. Elsewhere, Distillers finished 4 to 123p, after 217p. Technical influences and the appearance of one or two genuine buyers saw Building descriptions regain a certain amount of com-

posure, but Burnett and Hallamshire eased 13 for a two-day reaction of 25 to 375p; the annual results are due on Wednesday. International Timber were quoted ex rights issue at 115p, down a penny with the new nil paid shares opening at 3p premium and slipping to 2p premium before settling at 21p premium.

Cement Roadstone firmed 3 to 80p following a 14 per cent cement price increase announced by a subsidiary.

Modest support took ICI up to 350p before a change in sentiment left the price 2 cheaper on balance at 333p. Fisons, however, improved 5 to 254p.

## Fraser below best

A particularly vulnerable sector since Tuesday's Budget fear that the sharp rise in VAT will adversely affect sales. Stores regained some composure yesterday in response to reassuring comments. A resurgence of speculative buying helped revived suggestions that a bid from Louroho is imminent. Helped by a subsidiary, the House of Fraser feature with a gain of 10 to 191p in response to the good trading results. Other lending issues closed below the best. Bass ended 3 higher at 209p, after 211p and Allied 1 dearer at 88p, after 90p. Scottish and Newcastle closed 34 up at 70p. Elsewhere, Distillers finished 4 to 123p, after 217p.

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Foods recovered some ground, mainly on bear closing. Associated Dairies picked up to 268p, J Sainsbury 3 to 333p and, ahead of Wednesday's interim results, Tate and Lyle firmed 6 to 150p. United Biscuits added 4 to 87p and Collens A, at 123p, recovered half the previous day's fall of 20p.

Pilkington pleases

Miscellaneous Industrial dealers rallied in places on technical influences. Pilkington rose 8 to 323p, after 316p, following the better-than-expected pre-

pared annual results.

Great Portland Estates provided an early firm feature in Properties, touching 302p before settling at 298p for a net gain of

12

on the good annual profits and proposed 50 per cent scrip issues. Other issues remained overshadowed by higher interest rates and usually retreated from a slightly firmer start to register small net falls and Property Partnerships eased 5 to 165p following the preliminary results.

End-account influences left Churchbury Estates 30 lower at 395p,

362p for a rise of 6 on balance.

Elsewhere in the Electrical

leaders, Plessey picked up 2 to

105p, but EMI finished a penny easier at 97p, after 99p.

The Engineering leaders staged

a technical rally, but final

quotations were below the day's best. John Brown touched 494p before settling at 489p, up 8 on the day, while GKN ended only a penny dearer at 256p, after 260p. Bear-closing was evident in second liners, but the overall trend was to lower levels. Averys rallied 6 to 260p, while Vesper, 222p, and Babcock and Wilcox, 156p, picked up 5 and 4 respectively. On the other hand, Matthew Hall, down 10 at 285p, were not helped by the chairman's remarks about fierce competition, both national and international. A. Lee eased a penny to 211p on the pre-tax loss at the half-way stage.

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Press comment prompted a gain of 7 to 211p in Horizon Midlands.

Among Motors Distributors,

Rolls-Royce rallied 1½ to 78½p,

but Dowty touched 307p and

ended 3 off for a drop of 32 on

the week. Fresh losses in

secondary issues, however, was

more positive, with Oil Explora-

tion, outstanding at 272p, up 18.

Sibens (UK), 204p, and Ultramar,

296p, rose 14 and 18 respectively.

Fresh losses in the Trust sector ranged to 5 while in Financials, Robert Kitchin Taylor

weakened afresh to 164p, down

11, on the cautious second-half

profits statement.

Plantations were notable for a

reaction of 25 to 285 in McLeod

Russel following the sharp retraction in annual profits.

Golds up again

South African Golds carried

Thursday's recovery a stage

further after the heavy losses

sustained on Wednesday. Modest

local and Continental support

could lead to a take-over bid.

Gold Fields were finally a

up at 239p, after 246p, when

Charter were unchanged at 144

after 146. RTZ rose 4 to 288p.

Elsewhere, Anglo Unil

Development rose 15 to 240p

response to further local ac-

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At the company's request, de-

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up 1.4 at 158.5 — was only 5.

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Altronics heavyweights. We

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gained 5 to 226, while Va

Reefs added 5 to 217. Randste

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falling to 228 on disappointme

in the medium- and low-

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715p and East Driefontein 18

765p.

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# **AUTHORISED UNIT TRUSTS**

# OFFSHORE AND OVERSEAS FUNDS







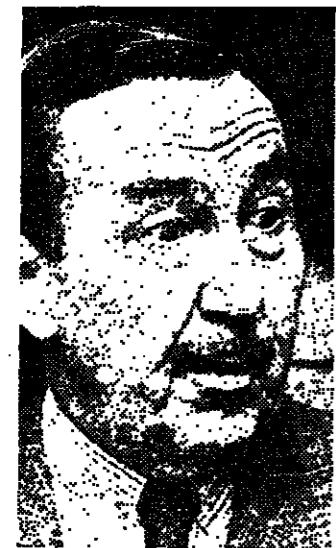
MAN OF THE WEEK

## Car maker to the world

BY JOHN WYLES AND STEWART FLEMING

THEIR HAS long been an air of episcopal solemnity at General Motors which has always seemed appropriate to a giant corporation whose mission is to sell more and better cars to the world than any of its rivals. This week's announcement of a \$2bn investment in new plants in Austria and Spain underlines GM's determination to take its overseas duties more seriously than ever before.

Broadly responsible for this development is Elliott Marantette Estes, a flamboyant, mustachioed 63-year-old extrovert whose personality has always seemed slightly at odds with the more sober, well-mannered, indeed tame, would say bureaucratic GM. "Pete" Estes, as he has been known for the past 10 years, is number two to GM's chairman and chief executive Thomas Aquinas Murphy, a tall, lean 63-year-old with all the dignity and slightly world-weary charm



Elliott M. Estes  
A flamboyant extrovert

needed to chair the six-man college of cardinals, otherwise known as an executive committee which runs the day-to-day affairs of this giant company.

But Estes and Murphy constitute the "norms" top due at GM which since the days of its legendary chairman Alfred P. Sloan has required that one of its top two executives should be an engineer. Of obvious delight to Estes the engineer is that his four years in the presidency have been a time in which the engineer's importance to Detroit has been dramatically elevated by the Government's legislated demand for more fuel efficient, less environmentally damaging, vehicles. GM is fleet of foot for one so large and in fact identified the need for better fuel economy in vehicles in 1972, before the Arab oil embargo brought greater urgency to the task. Under Estes, a comprehensive, massively expensive programme of designing smaller, lightweight cars has slowly been bearing fruit so that in April GM was able to unveil its first completely new line of compact, front-wheel drive, fuel economic cars.

While these efforts have never lacked public attention, other less advertised decisions were being taken. Estes's appointment was unusual in that he took charge of international operations as soon as he moved behind the president's desk. Significantly this had been the responsibility of Thomas Murphy before he moved up to the chairmanship in 1974. Clearly he and Estes found themselves totally agreed that it was insupportable that America's largest corporation should be of less significance overseas than Ford Motor Company whose share of the domestic produced U.S. car market is no less than 30 points smaller than GM's.

Without any throwing down of gauntlets, the great GM machine has started to move. A year ago the headquarters of its overseas operations were moved from New York to Detroit, and the overseas divisions were elevated within the corporate hierarchy. The tight embrace of the central headquarters was a clear indication of new priorities and of the determined development of the "world car," designed for simultaneous production around the globe. GM's J-car, now under development, is emerging as a prototype world car and will almost certainly be produced in the new plants in Spain and Austria.

GM's careful teamwork, its thoughtful and thorough planning procedures and its ability to nurture the exuberant Estes as well as a restrained Murphy make it one of the most formidable competitors that modern capitalism has yet seen.

# FINANCIAL TIMES

Saturday June 16 1979



## Cash sought for new-style TV

BY MAX WILKINSON

SINCLAIR RADIONICS

the calculator and pocket television manufacturer controlled by the National Enterprise Board, is seeking a major injection of capital so it can produce a revolutionary flat-screen television set.

A huge research effort has been made by television manufacturers throughout the world, particularly in Japan, to try to produce a flat screen set. Several Japanese prototypes have been demonstrated, but Mr. Clive Sinclair, chairman and founder of the company, says its device has markedly superior clarity of reproduction and potential for low-cost mass production.

The first version probably will be a 3 in portable black-

and-white set about the size of a paperback book.

But Sinclair believes it can be developed into a full colour receiver, perhaps 4 ft wide. A flat-screen set could be less than an inch deep and could be hung on a wall like a picture.

Mr. Sinclair said he believed these sets could eventually be produced at prices competitive with those of the conventional cathode ray tube.

Cathode ray tubes require high power to propel electrons from a gun in the neck of the tube through a vacuum onto the screen.

Sinclair's flat screen, on the other hand, runs on much lower power and is only three-quarters of an inch thick.

The company has produced a

prototype three-inch pocket set and is now looking for a partner to help it set up a production line capable of producing several million screens a year.

Mr. Sinclair says high volume production and world wide marketing is the key to bringing down the price so that the new set would be competitive with the present microvision sets selling at just under £100. He hopes volume production can be achieved in about two years.

Negotiations are said to be at an advanced stage with a potential partner, but no deal has yet been made. Mr. Sinclair said there had been no talks with Japanese companies.

The National Enterprise Board has invested £4.5m in the company, which last year lost

£1.96m on a turnover of £6.39m. The board is believed to have said that it is not prepared to put up all the capital needed for Sinclair to bring the flat screen set to the market. It appears to have indicated that Sinclair should seek a partner with greater production and marketing strength.

Yesterday, Sinclair announced that it is to close its factory at St Ives, Cambridgeshire, which makes the present Microvision.

Production of this will be transferred to a place as yet unnamed, probably under the wing of the new partner. There will be 160 redundancies.

In preparation for the reorganisation, Sinclair has split off its instrument division, which will become a separate company.

## Industrial output recovers

BY DAVID FREUD

INDUSTRIAL production has recovered much of the loss caused by the winter disruption and is near the peak levels of last summer.

According to figures released yesterday by the Central Statistical Office, output was at an all-time high in April.

The recovery suggests that the strong consumer demand after the January slowdown has worked through to the industrial sector.

Officials in Whitehall, however, remain cautious as to whether the improvement will be sustained in the near future. In the longer-term the Treasury has predicted a fall in the level of output.

The all-industries index of production rose in April by 2.2 per cent to 115.0 (1975=100, seasonally adjusted). This brought average output for the first four months of the year—including the poor January performance—to 110.4, slightly higher than the 110.0 of the previous quarter.

The January-April outturn, however, remained below the average for the second half of 1978, which included the buoyant late summer period. The index for manufacturing dropped back slightly in April

from the very high level in March, when the bulk of the recovery seems to have been made. The index was 0.5 per cent down at 106.8.

The further gain in industrial output in April was more broadly based than previously, with strong performances in North Sea oil, chemicals, metal manufacture, construction and associated industries, textiles and clothing, and instrument and electrical engineering.

Sectors in which output remained low included beer, cars and chemical engineering.

There was strong growth in investment goods industries, whose output over the first four months of the year was running above last year's peak levels in the summer months.

Taking the latest three months together the all-industries index was about 4 per cent higher than the same period in 1978, while the equivalent gain for manufacturing industries was 24 per cent.

## S. Africa may act on Namibia deadlock

By Our Foreign Staff

MR. R. F. "PIK" BOTHA, the South African Foreign Minister, is likely to visit London shortly as part of a fresh move to break the deadlock over an international settlement in Namibia.

After holding talks with the British Government, Mr. Botha may fly on to Bonn for discussions with the West German administration. The UK and West Germany, together with the U.S., France and Canada, are members of the five-power Western "contact group," which has been trying for more than two years to achieve an international settlement in Namibia.

The Foreign Office would not confirm the visit, but the move follows talks on Namibia held in Cape Town last month between Mr. Botha and Mr. Richard Luce, a junior Foreign Office Minister.

The UN General Assembly recently urged the Security Council to impose sanctions on South Africa because of its rejection of final plans for a UN-supervised transfer of power in the territory. African nations might press soon for a meeting of the Security Council to discuss the issue.

The Western nations, who would be acutely embarrassed by sanctions demands, are hoping to resist the call by showing signs of diplomatic progress.

Although the South African government insists that it has accepted in principle the UN plan for Namibia, two stumbling blocks remain.

One concerns a proposal by Dr. Kurt Waldheim, UN Secretary General, that guerrillas belonging to the South West Africa People's Organisation (SWAPO), be allowed to remain armed at "designated locations" within the territory during the election process. The other is the proposal that SWAPO bases in neighbouring Angola and Zambia need not be monitored by UN forces.

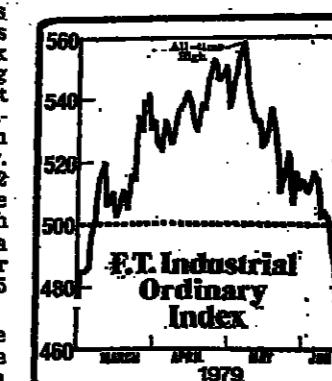
They are unlikely to be any dramatic departures from the UN plan in any fresh talks because of the danger of alienating SWAPO and the African front-line states, which have given it their blessing. Further assurances by the Western five and the front-line states on an effective ceasefire might soften South Africa's opposition.

Reserve requirements or other restraints imposed on Eurodepositors would help to stem this threat. It was essential that preparations for reserve requirements began now so that "the instrument is examined for the day we wish it were available."

## THE LEX COLUMN

# Long and the short and the fall

Index rose 4.3 to 478.5



Nigerian contribution is sharply higher, reflecting the benefits of the new stout brewery at Benin. The Nigerian economy may be having its troubles, but the locals do not seem to be drinking any less beer and Guinness has at last got a price increase through.

For the second half Guinness is being rather cautious and saying that profits are unlikely to exceed those of the comparable period of last year. Aside from the special factor that influenced the first half Guinness will have to cope with a sinking Irish punt. Even its full year profits are likely to top £52m against £45m in 1977-78.

### Pilkington

Behind Pilkington's excellent results for the year to the end of March lies the pay-off on its floatation of its investments earlier this decade on float glass plant in Australia, Sweden and South Africa. Overseas sales were up by a quarter providing a 55 per cent increase in overseas trading profit to £21.3m. In the UK, on the other hand, margins were under pressure and trading profit virtually unchanged at £9.2m despite a hefty rise in sales. The problems we Tripoli, where the Ford still reckoned to have cost £1.2m optical glass where the mark has remained depressed, a glass fibre re-inforcement where there is now European capacity.

These were compounded by the lorry drivers' strike which cost the company an estimated £7m. Nevertheless the overseas performance and a rise of £38m in licence fees from float glass plants around the world helped push pre-tax profits by 20 per cent to £90.3m.

Reporting so soon after Budget, and with difficult negotiations in train, Pilkington is giving little guidance about the coming year. Obviously the possibility of a "winter of discontent" in the UK and a world economic slowdown makes it difficult to predict. Analysts' predictions of pretax profits range all the way from £80m to £110m. The bright view is that energy crunch will help sales double-glazing and fibreglass insulation.

Pilkington has neatly bypassed the end of divide restraint with a second interim payment which will produce a 32 per cent rise in gross dividend to 11.5p. Covered 4 times, this still leaves the yield at only 3.6 per cent on its night's price of 323p.

### Unconfirmed

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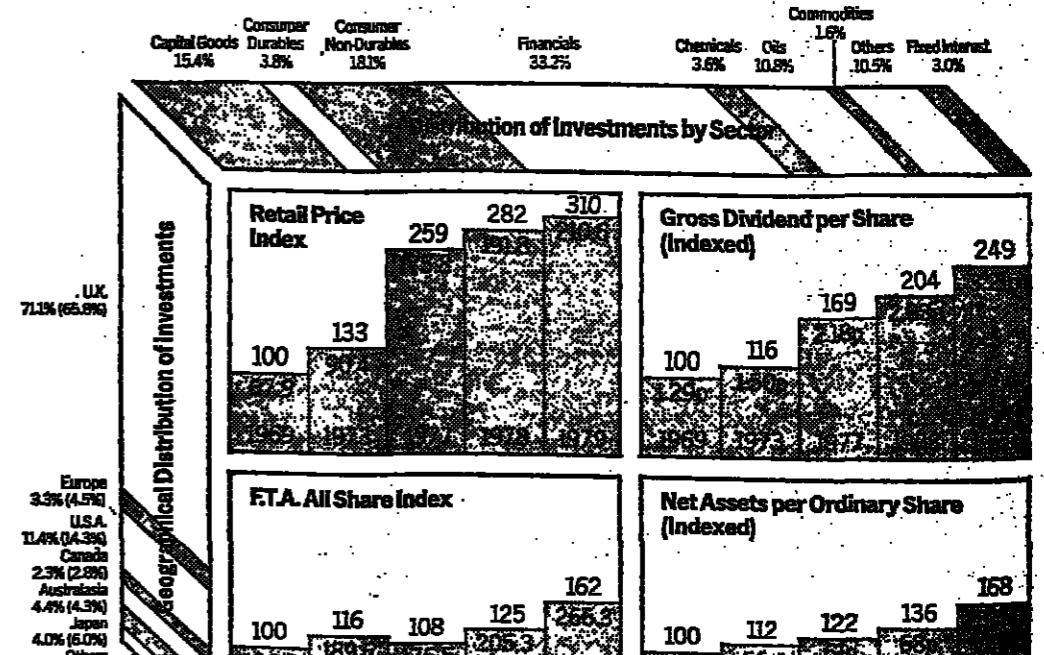
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Mr. "Pik" Botha and Mr. P. W. Botha, the South African Prime Minister, yesterday held talks in Pretoria with DTA leaders. These were ostensibly on DTA plans to scrap racial discrimination. Such a meeting would be necessary before further international negotiations on the future of the territory.

Rhodesia-Zambia roads may be open, Page 2

## The Industrial and General Trust Limited



### Total Assets at 31st March, 1979: £204 million.

Although the change of government should lead to an increase in incentives and a more encouraging climate, the economic outlook is still fraught with difficulties. Higher oil prices will restrain growth; north sea oil strengthens sterling and makes imports an even greater danger to industry; and the

West in general, and the UK in particular, have the problem of adapting to a rapidly changing world.

The company has a sound spread of investments both by industry and country. We believe that these will continue to give satisfactory long-term results.

A.G. Touche, Chichester

**A member of the Touche, Remnant Management Group**  
Total funds under Group management exceed £900 million.

The Report and Accounts can be obtained from The Industrial & General Trust, Winchester House, 77 London Wall, London EC2N 1BH.

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## CBI chief's knighthood

Prime Minister, who was assassinated by a car bomb at Westminster shortly before the General Election.

Other life peers include Mr. Emily Hooson, the Liberal lawyer and MP who lost his Montgomery seat at the last election; Mr. Ralph Harris, director of the Institute of Economic Affairs, a long-time champion of free market economics; and Mr. Hugh Trevor-Roper, the Oxford historian.

Mr. Terence Higgins, former Tory Trade Minister, MP for Worthing, is made a Privy Counsellor; and four Tory backbenchers who retired at the last election are knighted. They are Mr. Reginald Bennett, Mr. Robin Cooke, Mr. Alfred Hall-Davis and Mr. Jasper More.

Mr. Horace Cutler, general administrator, Covent Garden, is also knighted.

Civil Service honours include a CBE for Sir Frank Cooper, permanent secretary, Ministry of Defence, and KCBS for Mr. Kenneth Cousins, second permanent secretary at the Treasury, and Mr. Douglas Lovelock, chairman of Customs and Excise.

Two trade union leaders receive awards. Mr. Jim Slater, general secretary of the seafarers' union, gets the CBE; and the OBE goes to Mr. Norman Stagg, deputy general secretary of the Post Office workers.

Sir Michael Tippett, composer, is made a Companion of Honour in the list of honours to the arts.

Mr. Roy Shaw, secretary-general of the Arts Council, and Mr. John Tooley, general administrator, Covent Garden, are knighted.

Initial studies suggested that an aircraft with between 30 and 50 seats may be needed.

Continued from Page 1

## Weather

UK TODAY

DRY WITH some sunshine. London, Midlands, Channel Is., S.W. England, S. Wales. Dry. Sunny periods. Max 20C (68F).

S.E. England, E. Anglia. Showers. Sunny periods. Max 18C (64F).

N. Wales, Lakes, Isle of Man, S.W. Scotland. Drizzle. Bright interludes. Max 19C (66F).

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